<u>Private Placement Memorandum</u> **Name of Offeree to Whom Delivered:**

<u>CONFIDENTIAL</u> ______________________________________

No. ____________

South American Soy, LLC
(an Illinois Limited Liability Company)

Aggregate Maximum Offering: $3,600,000

Class A Membership Units
($12,000 Per Unit)

Maximum Offering: 300 Class A Membership Units

South American Soy, LLC, an Illinois limited liability company (the "Company"), is hereby offering to a limited class of investors up to 300 Class A Membership Units (all Class A and Class B units of the Company collectively the "Units") at an offering price of $12,000 per Unit, less any appropriate discounts. See **UNIT DISCOUNTS** for a complete description of discounted Units. The Company intends to use the proceeds of this offering to pay offering expenses, expenses incurred by the Company in the United States and expenses associated with operating and developing current properties, and acquiring and operating additional Brazilian farm land through a Brazilian Limitada (the "Limitada"), which is a Brazilian form of business organization. The Company, through the Limitada, owns and operates three farms in Brazil in the state of Tocantins (the "Farms"). This offering is limited to: those persons who are accredited investors, as defined under Regulation D ("Accredited Investors") of the Securities and Exchange Commission (the "SEC"). See **OFFERING LIMITED TO CERTAIN INVESTORS** for a description of the accredited investor requirements.

The purpose of this offering is to raise additional funds that the Company will use to develop owned properties, purchase equipment, finance annual operational costs and purchase additional farm land in Brazil by the Limitada,. See **USE OF PROCEEDS** and **BUSINESS OF THE COMPANY.**

THE UNITS OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK. See RISK FACTORS for a discussion of the risks in connection with purchasing the Units. The purchase of the Units offered hereby should be considered only by persons of substantial financial means who can afford a non-liquid, high-risk investment. THESE ARE SPECULATIVE SECURITIES.

A minimum purchase of one (1) Unit by each investor (minimum investment $10,500 to $12,000, dependent on qualification for purchase of any discounted Units—See **UNIT**

DISCOUNTS for a complete description of discounted Units) will be required. Payment of 100% of the full subscription price for all Units subscribed must be made by check, bank draft or money order payable to the order of South American Soy, LLC upon submission of a subscription agreement to the Company. See **SUBSCRIPTION OFFER** for a complete discussion of subscription conditions and limitations.

There are currently 181 Units outstanding of which, 133 are Class A Units and 48 are Class B Units. All 48 Class B Units are owned by the four members of the Company's operational managers. An additional 46 Class B Units are being held in a Manager Compensation Contingency Fund for use in the ongoing fulfillment of employment arrangements with the Managers. See **MANAGER COMPENSATION.**

The Company may elect, at its discretion, to accept new subscriptions. Each Unit is deemed to be comprised of a capital contribution of $10,500 to $12,000 per Unit. The per-Unit contribution is dependent on the qualification for discounts (See **UNIT DISCOUNTS** for a complete description of Unit discounts). The purchase of one Unit will represent a pro rata ownership interest in the Company's capital, profits, losses and distribution ranging from a 0.549% (based on a total of 182 Class A and Class B Units) to a 0.208% interest in the Company's capital, profits, losses and distribution (based on a total of 481 Class A and Class B Units). See **SUBSCRIPTION OFFER** and **SUMMARY OF COMPANY OPERATING AGREEMENT**. See also **DILUTION.**

The assignment or other transfer of Units is significantly restricted under the Company's Operating Agreement, the Illinois Limited Liability Company Act (the "Illinois LLC Act"), regulations of the SEC, and the Internal Revenue Code. See **RESTRICTIONS ON TRANSFER OF UNITS** and **FEDERAL INCOME TAX CONSIDERATIONS – Publicly Traded Partnership Rules**.

The offering will expire at 5:00 p.m., Central Standard Time on April 30, 2007, unless extended by the Company as provided herein or unless terminated earlier. Qualified persons who desire to subscribe should complete a subscription agreement and accompanying documents included herewith and mail or deliver them, along with the subscription amount as set forth in the subscription agreement.

The Company was organized on August 15, 2003. The Company's principal executive office is at 1414 N. 2400 E. Rd., Assumption, Illinois 62510, and its telephone number is (217) 226-4273, or toll-free (866) 711-2769. The Company's email address is staff@sasoy.com.

Maximum and Minimum Offering, Per Unit & Total Offering Underwriting Fees & Net Proceeds			
Class A Units	**Offering Price**[1]	**Underwriting Discounts and Commissions**[2]	**Proceeds to Issuer**[3]
Price Per Unit-Gross, No Discounts	$12,000	-0-	$12,000
Price Per Unit-With Maximum Discount	$10,500	-0-	$10,500
300 Units (Maximum Amount)	$3,600,000	-0-	$3,600,000
300 Units (Minimum Amount)	$3,150,000	-0-	$3,150,000

BY ACCEPTING DELIVERY OF THIS MEMORANDUM, THE PERSON SO ACCEPTING THE MATERIALS AGREES TO KEEP ALL OF THE ENCLOSED INFORMATION AND DOCUMENTS CONFIDENTIAL AND TO RETURN ALL OF THEM TO THE COMPANY UPON REQUEST. THE REPRODUCTION OF THIS MEMORANDUM AND ITS EXHIBITS IN ANY MANNER WHATSOEVER IS EXPRESSLY PROHIBITED.

The date of this Private Placement Memorandum is March 15, 2007.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION NOR HAVE THE COMMISSIONS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFERING IS BELIEVED TO BE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND IS OFFERED PURSUANT TO EXEMPTIONS FROM REGISTRATION PROVIDED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE EXEMPTIONS OR NOTICE FILING PROVISIONS RELATING TO PRIVATE OFFERINGS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS

[1] The offering price was arbitrarily determined by the Company. It is not based on earnings or assets of the Company and does not constitute a representation that the Units have a market value of or could be sold at such price.

[2] The Units are being offered directly by the Company. No underwriting fees, finder's fees, or commissions will be paid by the Company in connection with the offering.

[3] Does not include expenses of the offering estimated at $30,000 that may be paid from either the proceeds of this offering or existing capital.

DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE. THIS OFFERING MAY NOT BE CONDUCTED PURSUANT TO ANY GENERAL SOLICITATION.

THE UNITS ARE NOT FREELY TRANSFERABLE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

The information contained herein is confidential and is furnished for use only by the potential investor named on the front page hereof and his or her advisor, if any. You are urged to read completely and carefully this Memorandum. Each potential investor and his or her advisor, if any, agrees that such potential investor will not transmit, reproduce, or make available to anyone other than himself or herself and his or her advisor this Private Placement Memorandum and any exhibits and documents supplied in connection herewith. The offeree, by accepting delivery hereof, agrees to return this Memorandum to the Company if the offeree does not purchase the securities offered hereby.

The contents of this Memorandum should not be construed as legal, tax or investment advice. There can be no assurance that any economic return will accrue to investors. Each investor, therefore, is encouraged to seek independent legal, tax and investment advice. Potential investors should consult their counsel, accountant and other professional advisors as to legal, tax and related matters concerning this investment. The federal income tax treatment of a nonresident alien, foreign corporation, foreign partnership, foreign estate or foreign trust ("non-U.S. investor") investing in the Units is complex and will vary depending upon the circumstances of each investor. Each non-U.S. investor is urged to consult with its own tax advisor regarding the federal, state, local and foreign tax treatment of its investment in the Units.

<u>Forward Looking Statements</u>. This Memorandum contains forward looking statements. Forward-looking statements include the words "may," "will," "estimate," "continue," "believe," "expect," "anticipate," or other similar words. These forward-looking statements generally relate to our plans and objectives for future operations and are based on our board of managers' reasonable estimates of future results, trends, or other circumstances. Investors are cautioned that all forward-looking statements involve risks and uncertainty. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements included herein will be achieved. The inclusion of such information should not be regarded as a representation of the Company or any other person that the objectives and plans of the Company will be achieved. Actual results may differ from projected results.

The Company reserves the right to terminate this offering, without notice, before or after confirmation of any sale.

SEC Regulation D requires that each offeree and his advisors, if any, be given, at a reasonable time prior to the purchase of securities, an opportunity to ask questions of, and receive answers from, the Company or any person acting on its behalf concerning the terms and conditions of this offering, and to obtain any additional information, to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information contained in this Private Placement Memorandum. The Company undertakes to provide each offeree and his advisors with access, during the course of the transaction, and prior to sale, to such information. Each offeree and his advisors are authorized and encouraged to seek and receive such information from the Company as is reasonably necessary in order to evaluate the risks and merits of the investment offered hereunder and to evaluate the accuracy of the information furnished.

If you have any questions regarding this offering, or you desire any additional information or documents to verify the information contained in this Private Placement Memorandum, please write or call the Company, South American Soy, LLC, 1414 N. 2400 E. Rd., Assumption, Illinois 62510, and its telephone number is (217) 226-4273, or toll-free (866) 711-2769. You may also contact the Company via email at staff@sasoy.com.

SUMMARY OF THE OFFERING

COMPANY: The Company was organized on August 15, 2003, for the purpose or organizing a Limitada and through it, purchasing and developing farm land in Brazil, for the cultivation of crops. Since that time, the Company has planted four (4) and harvested three (3) crops to soybeans in Brazil. The Company has also purchased and through the Limitada holds clear title to three agricultural properties in Brazil, totaling 1465 hectares (3,621 acres). Because of expenses in developing the Farms and the initial planting and harvesting of corps, the Company has not yet made a profit. The Company's principal executive office is at South American Soy, LLC, 1414 N. 2400 E. Rd., Assumption, Illinois 62510, and its telephone number is (217) 226-4273, or toll-free (866) 711-2769. The Company's email address is staff@sasoy.com.

TERMS OF THE OFFERING: We are raising a maximum of three million six hundred thousand dollars ($3,600,000) by selling three hundred (300) Units. The Units are offered at twelve thousand dollars ($12,000) per Unit, less any appropriate discounts—See **UNIT DISCOUNTS**. The minimum purchase is one (1) Unit for twelve thousand dollars ($12,000) per Unit, less any appropriate discounts—See **UNIT DISCOUNTS**. You will be required to execute a subscription agreement and to contribute to the capital of the Company, twelve thousand dollars ($12,000) per Unit purchased, less any appropriate discounts—See **UNIT DISCOUNTS**.

UNIT DISCOUNTS: This offer sets out two (2) possible discounts to be deducted from the net Unit contribution required per subscribed Unit, if the discount applies.

Member Discount: Holders of record of Class A Units in South American Soy, LLC as of January, 1, 2007, can receive a discount of one thousand dollars ($1,000.00) per Unit, for all Class A Units purchased through this offer. This discount will be deducted from the net per-Unit purchase price, in calculating the required total capital contribution at the time of subscription. There is no limit on the number of Units that can be purchased under this discount provision, and also no limit on the number of times that this discount may be employed during the offering period. In addition, this discount can be combined with the Multi-Unit Discount, if the purchase meets the eligibility requirements for that discount provision. All Units purchased under this provision must be purchased by the same entity of record holding the Units in the Company as of January 1, 2007, and any Unit(s) purchased utilizing this discount must be held a minimum of twelve months from the date of subscription, before any changes in ownership will be approved.

Multi-Unit Discount: Any Units purchased in quantities of five (5) or more per single subscription, will receive a discount of five hundred dollars ($500.00) per Unit purchased. This discount will be deducted from the net per-Unit purchase price, in calculating the required total capital contribution at the time of subscription. To qualify for this discount, the Units must be purchased in a single subscription, and by a single entity. Units purchased previously, or subsequently, either in this or previous offer(s), will not be counted in the calculation of the required purchase quantity of five (5), nor will they be eligible to receive any per-Unit discounts as a result of this discounted purchase. For the purpose of the eligibility for discount, all purchases stand alone. However, there is no limit to the number of Units that can be purchased under this discount provision, and there is no limit on the number of times that this discount can be employed during the current offer, as long as subsequent purchases meet the qualifications for receiving the discount. This discount can be combined with the Member Discount, if the purchaser meets the eligibility requirements under that provision.

USE OF PROCEEDS: The proceeds of this offering will be used to pay offering expenses, expenses incurred by the Company in the United States, and to fund the Limitada, which will pay real estate development expenses, purchase additional machinery, pay annual production expenses and purchase additional real estate.

MANAGEMENT OF THE COMPANY: The Company is managed by a board of managers currently consisting of six persons, four holding Class B Units and two holding Class A Units. The four Class B Managers are elected annually by all current holders of Class B Units. The two Class A Managers are elected by all current holders of Class A Units for terms of three years. The Company's Operating Agreement allows for a board of managers to consist of between 3 and 7 persons. The Company's current general manager is Phil Corzine.

MANAGEMENT OF THE FARM: The day-to-day operations of the Limitada, Nova Fronteira, which facilitates all of the Company's activities in Brazil, are directed by Neige Caiapo, who holds the position of Operational Manager for the Company. Caiapo has held this position since August of 2004. Silveo Caiapo serves the Company as Tocantins' Farm Manager, reporting to Neige Caiapo, and managing all day-to-day activities. Neige Caiapo is Silvio Caiapo's sister.

VOTING RIGHTS OF MEMBERS: Except in the limited circumstances described in the Operating Agreement, the members participating in this offering will have limited voting rights and will not take part in, participate in, or have any control over, the business of the Company. Members participating in this offering will, in combination with current Class A Unit holders, elect two managers. All decisions regarding management will be made by the board of managers. Accordingly, the members will be substantially dependent upon our board of managers.

TWO CLASSES OF MEMBERSHIP UNITS: The Units that are available through this offering are Class A membership Units. In addition to the 300 Class A Units available through this offering, there are 133 outstanding Class A Units and 48 outstanding Class B membership Units, or total Units outstanding of 181. Each Class A Unit offered in this offering will represent a pro rata ownership interest in the Company's capital, profits, losses and distribution equivalent to each Class B Unit. The only difference between the Class A membership Units and the Class B membership Units is the ability of the Class B Unit holders to elect 4 members of the board of managers, whereas the Class A Unit elect 2 members of the board of managers.

PROPERTY AND OPERATIONS:

Pilot Farm

In September of 2003, the Company initiated a three-year lease on a 21.78 hectares (55.8 acre) tract of land near Araguacu, Tocantins in Brazil. After converting the pastureland to cropland, the Company produced three crops of soybeans on this property. This farm was used as a research farm to validate input costs, yield and local price data; to employ, test and enhance the

Company's management, controls, planning and reporting structures; and to gain first hand knowledge and experience in the various facets of soybean production and marketing in Brazil.

NF1

In June of 2004, the Company purchased its' first farm, NF1, a 1027 hectare (2537 acre) tract of land in the municipality of Araguacu. The farm had 97 hectares (240 acres) ready for tillage, and the third crop of soybeans was planted on this farm in November 2006. A permit to clear the un-opened areas was granted by the state of Tocantins in September 2006, and clearing operations began in January of 2007 on the balance of this farm. When clearing is complete, the farm will have 550 hectares (1,359 acres) of cropland. This farm is fully paid-off, and a clear title is held to the property in the name of the Limitada.

In December of 2004, the Company purchased two additional farms.

NF2

NF2 contains 185.6723 hectares (459 acres), and after opening pastures, now has 108.3306 hectares of cropland (268 acres). Forty hectares of second-year soybeans and 47 hectares of millet (for seed) were planted on this farm in December of 2006, and the farm has 3.7 hectares (9 acres) of established pastures. A legal reserve has not yet been established for this property. This farm is fully paid-off, and a clear title is held to the property in the name of the Limitada.

NF3

Also purchased in December of 2004, NF3 contains 252.825 hectares (625 acres), and after pastures were opened and cerrado (brush) cleared, contains 152.0827 hectares (346 acres) for crops and pasture. Seven hectares of second-year soybeans were planted on this farm in December of 2006, and 39.9 hectares (99 acres) are in established pastures. An additional 106 hectares (262 acres) have been cleared, and are being prepared for planting to soybeans in December of 2007. This property's legal reserve is established, and all areas that can be cleared, have been cleared. This farm is fully paid-off, and a clear title is held to the property in the name of the Limitada.

The board of managers will have the sole discretion to determine the location of any other or additional farmland that the Company may acquire and investors in this offering must rely on judgment of the board of managers in this decision. See our complete Business Plan, attached as Exhibit A, for a more thorough discussion of our plan.

RISK FACTORS: This investment involves various risks described under "Risk Factors." All of the risk factors must be carefully reviewed in order to evaluate the risks of an investment in the Company.

CONFLICTS OF INTEREST: No formal procedures have been established to address or resolve any conflicts of interest.

ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT: Your rights as a member of the Company will be governed by our Articles of Organization, our Operating Agreement, and Illinois law. The Articles of Organization and the Operating Agreement are attached to this Memorandum as: Exhibit B and Exhibit C, respectively. You and your representatives are encouraged to read them very carefully. These are the legal documents that govern the purpose, powers and internal affairs of the Company.

DISTRIBUTION POLICY: Except as otherwise provided in the Operating Agreement, net cash flow, if any, is expected to be distributed to the members in proportion to the number of Units held by each member subject to, and to the extent permitted by any loan covenants or restrictions on such distributions to which we have agreed in any loan agreements then in effect. The Company has no obligation to distribute profits, if any, to members.

RESTRICTIONS ON TRANSFER: Transfer of the Units is prohibited unless made in compliance with state and federal securities laws and the provisions of the Operating Agreement, which requires, among other things, an opinion of counsel and the consent of our board of managers. Our board of managers has the right to withhold such consent in its absolute and sole discretion.

THE COMPANY

South American Soy, LLC, an Illinois limited liability company, was organized on August 15, 2003 for the purpose of investing in the Limitada. The Limitada currently owns and operates the Farms. See **BUSINESS OF THE COMPANY**. As of the date of this Memorandum, the principal business office of the Company is currently located at 1414 N. 2400 E. Rd., Assumption, Illinois 62510. Our telephone number is (217) 226-4273 or toll free (866) 711-2769. Our email address is staff@sasoy.com. Prior to this offering, the Company had issued and had outstanding, one hundred thirty-three (133) Class A Units and forty-eight (48) Class B Units—the Class B Units all being held by the Operational Managers of the Company. There are currently six (6) individuals on the board of managers, four (4) of whom are elected annually by Class B Unit holders and two (2) of whom are elected for three year terms, by the Class A Unit holders. In addition, each Class A member who holds one hundred (100) or more Class A Units is entitled to appoint one (1) manager. A manager appointed by a Class A Unit holder under this section will serve indefinitely at the pleasure of the Class A Unit holder appointing him or her. See **CAPITALIZATION, SUMMARY OF COMPANY OPERATING AGREEMENT**, and our Operating Agreement, attached as Exhibit C.

After completion of this offering, the Company intends to continue its practice of delivering, at least annually, an unaudited informational report as to the results of operations of the Company, information for each member's tax return, and such other materials, if any, required to be delivered to members of the Company in accordance with the Internal Revenue Code (the "Code"). The Company in its discretion may also provide other periodic reports to its members.

RISK FACTORS

Investment in the Units offered hereby is speculative and involves a high degree of risk, and the Units will not be readily marketable. As a result, the Units are appropriate only for investors with substantial financial means who do not require liquidity with

respect to this investment and whose net worth would not be significantly affected by the loss of their entire investment herein. Prospective investors should carefully consider the following risk factors, in addition to those described elsewhere in this document, in evaluating an investment in the Units.

Restrictions on Transferability of Units

The Company's Operating Agreement, as well as relevant portions of the Illinois LLC Act and regulations of the Internal Revenue Service ("IRS"), significantly restrict the transferability of the Units offered hereby. No assignment or other transfer of a Unit is permitted except in accordance with the Illinois LLC Act or the Company's Operating Agreement. See **RESTRICTIONS ON TRANSFER OF UNITS** and **FEDERAL INCOME TAX CONSIDERATIONS – Publicly Traded Partnership Rules**.

In addition, the Units are not being registered under the Securities Act of 1933 or under any state's securities laws. As a result, purchasers of the Units may not resell them unless the Units are registered under the Securities Act of 1933 and qualified under applicable state statutes or unless an exemption from registration and qualification is available. It is unlikely there will be any market for resale of the Units. As a consequence of these restrictions and limitations on resale, purchasers of Units must bear the economic risk of their investment for an indefinite period of time.

No Public Market for Units

There is currently no established public trading market for the Units and an active trading market is not expected to develop. To maintain the Company's partnership tax status, the Units may not be traded on an established securities market or readily tradable on a secondary market (or the substantial equivalent thereof). Therefore, the Company does not intend to apply for listing of the Units on any stock exchange or on the NASDAQ Stock Market. Consequently, investors may be unable to readily resell their Units.

To help ensure that a secondary market does not develop, the Operating Agreement prohibits transfers without the approval of the board of managers. The board of managers will not approve transfers unless they fall within "safe harbors" contained in the publicly-traded partnership rules under the tax code. If any person transfers Units in violation of the publicly traded partnership rules or without the prior consent of the board, the transfer will be null and void. See **RESTRICTIONS ON TRANSFERS OF UNITS, FEDERAL INCOME TAX CONSIDERATIONS – Publicly Traded Partnership Rules** and **SUMMARY OF OPERATING AGREEMENT – Transfer of Interests in the Company**.

Subordination and Ranking of Units

The Units are unsecured equity interests in the Company and are subordinate in right of payment to all current and future debts of the Company. In the event of insolvency, liquidation, dissolution or other winding up of the affairs of the Company, all debts of the Company must be paid in full before any payment is made to the holders of the Units. In the event of a bankruptcy, liquidation or reorganization of the Company, there is no assurance that there would be any remaining funds after the payment of all the Company's debts for any distribution to the holders of the Units.

Limited Operating History

The Company was organized on August 15, 2003 and since that time, has planted four (4) and harvested three (3) crops of soybeans in Brazil. In addition, the Company has successfully purchased and through the Limitada holds clear title to three (3) agricultural properties in Brazil, totaling 1465 hectares (3,621 acres). Because of expenses in developing the Farms and the initial planting and harvesting of crops, the Company has not yet made a profit.

However, the Company is still in a developmental stage. Although some of the present managers of the Company have a great deal of U.S. farming experience and the management team now has experienced three (3) years of operating farms in Brazil, the Company cannot offer assurances that it will be successful in the proposed Farms or that the Company's plans will materialize or prove successful. No representation can be made as to the profitable operation or sale of the Company or as to the future income or losses of the Company. There can be no assurance that the Company will ever operate at a profit or that the Farms will appreciate in value. If the Company's plans prove to be unsuccessful, the members will lose all or a substantial part of their investment.

The Company's success will largely depend on management being able to address the risks encountered by development stage companies and to implement the Company's business plan. The Company may not be successful in implementing its business plan, and if it is not, the Company will likely fail. Even if the Company is successful in implementing its business plan, it may not succeed financially due to numerous other factors.

Weather Conditions

Growing good crops requires a variety of weather conditions, depending upon the crop. Our primary crops require warm weather with an adequate, but not excessive, amount of rainfall. In the state of Tocantins, as in the U.S. Corn Belt, there could be unforeseen weather changes. A short period of drought, or *veranico*, seasonally occurs in January. Yields on farms with the shortest production history are hurt the worst as they lack the fertility necessary to maintain crops during dry periods compared to farms that have been in production much longer. Drought tolerance is strengthened the longer a farm is in production. A serious *veranico* could cut crop yields short and reduce our operating revenues.

Soybean Asian Rust and Other Plant Diseases

Asian Rust is a plant fungus that attacks certain plants including soybean plants that the Company may cultivate in Brazil. University of Nebraska agronomist Loren Giegler reported on the problem: "If conditions are favorable and management actions are not taken, the damage could be devastating. By the time you know you have soybean rust, it likely will have been there for a while and many infections would be present. Currently, fungicides have been labeled for soybean rust to make it easier to respond when the disease arrives. Long-term management of this disease will be through the development of plant resistance, with short-term management achieved through fungicide treatments.” Researchers at EMBRAPA, a public and private agricultural research organization in Brazil, have reported to the Company that rust has not been reported in Tocantins, and may be less of a threat to production in this state due to the higher temperatures in the region. Soybeans on our pilot farm contracted a very mild infestation of rust at the end of our first crop in March of 2004, and a successful rescue treatment was applied. Following established protocols for managing the disease, our last three (3) crops of soybeans have been treated preventatively, with two applications of fungicides. We have not found any infestations of rust in any of our production fields for the past three seasons/crops. Due to this, we feel confident that rust infestation can be successfully managed on the Farms through the use of fungicide treatments, but there is still no guarantee that losses will not result. Similarly, other plant diseases could arise and result in production losses. Such losses would decrease our revenue from operations.

Language and Cultural Differences

Portuguese is the dominant language in Brazil. Brazilian high schools often teach English as a second language, but still it is very rare to find Brazilians that are able to speak fluent English. It is even more difficult in Tocantins, where we principally operate, because of the smaller towns. Few workers speak English. The local farm management must speak Portuguese to communicate with workers and the community. Although a bonded translator has been employed to translate certain legal documents from Portuguese to English, and we have employed Portuguese legal counsel to assist us, it has been at times difficult to communicate at the operational and other levels given the language barrier. Neige Caiapo is bilingual in Portuguese and English and able to conduct business operations. Phil Corzine and Kent Sorrells also continue to acquire conversational language skills in Portuguese.

The business culture of Brazil is often different from that encountered in the United States. The Brazilians involved in production agriculture can be more informal in their business relationships. Alternatively, the local government personnel with whom we must deal can be quite bureaucratic. These cultural standards may have an adverse effect upon the nature of our Brazilian business transactions and the expediency with which they are completed. Certain delays may reduce our operating profits.

Enforcement of Agreements

We have entered into contracts to lease real estate, purchase real estate, purchase agricultural equipment, and other products and services in Brazil. We have utilized local business consultants to assist us in negotiating many of these arrangements. We have engaged Brazilian legal counsel to keep us advised of certain applicable laws. We have utilized the services of a bonded Portuguese-English interpreter. Nonetheless, any such agreement may require litigation in Brazilian courts or enforcement by Brazilian authorities. One member of our management team, Neige Caiapo, is fluent in Portuguese, Brazil’s national language, but the other three members of the management team have language skills ranging from very limited to conversational, which could affect our ability to successfully manage the Company. We also cannot assure that the contracts will be unaffected by their translation to or from Portuguese. Neither can we be sure that these contracts will be enforceable, accomplish the intended results, or protect our rights. If a conflict arises regarding either our performance or that of the seller, we may not ultimately acquire the farm, or the equipment, or both. Although we may identify and acquire alternate farms or equipment, litigation may confine our assets, and we may be unable to successfully acquire and operate a farm. If so, or if a similar conflict arises in relation to any other material agreement, you may realize a substantial diminution in the value of your investment.

Economic and Political Risks

Our business, prospects, financial condition and results of operations are dependent on general economic conditions in Brazil, and in particular on economic growth and its impact on agricultural operations, the cost and availability of financing and exchange rates between Brazilian and foreign currencies. The Brazilian government has exercised and continues to exercise substantial influence over many aspects of the private sector. Accordingly, government actions in the future could have a significant effect on economic conditions in the country, which could affect private sector companies such as ours, and the returns on your investment.

The Brazilian economy has been characterized by frequent and occasionally drastic intervention by the Brazilian government and volatile economic cycles. The Brazilian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Brazil's economy. Our business and results of operations may be adversely affected by changes in policy including tariffs, exchange controls, expropriation, confiscatory taxation, industry regulation, nationalization, as well as factors such as currency fluctuations, inflation, price instability, interest rates, tax policy and other political, social and economic developments in or affecting Brazil.

Rapid changes in Brazilian political and economic conditions that have already occurred and that might continue will require continued emphasis on assessing the risks associated with our activities and adjusting our business and operating strategy. Future developments in Brazilian government policies or in the Brazilian economy, over which we have no control, may reduce demand for our products in Brazil, impact the market price of real estate and transportation, and adversely affect our business, financial condition and results of operations.

The Brazilian economy may be adversely affected by changes in the relationship between Brazilian federal and state governments. Previously, some states have withheld debt payments to the federal government. In return, the federal government announced that it could no longer guarantee state obligations to international financial institutions, resulting in the suspension of loans to those states by the World Bank. The Brazilian government subsequently renegotiated the commercial bank and securities debt of the states and municipalities, but renewed friction between the Brazilian federal government and the states and the risk of default by state governments may have negative effects on the economy and may undermine investor confidence. This, in turn, could have a negative effect on our business, prospects, financial condition and results of operations, due to devaluation of the Brazilian Real as compared to the U.S. dollar.

Currency Risk

The Company's assets are invested in the Limitada, whose income is denominated in the local currencies of investment. However, the books of the Company are maintained and capital contributions to and distributions from the Company are made in U.S. Dollars. Accordingly, changes in currency exchange rates between the U.S. Dollar and the Brazilian Real may adversely affect the U.S. Dollar value of your investment, interest and dividends received by the Company. In addition, the Company may incur cost in converting investment proceeds from one currency to another.

A significant devaluation of the Brazilian Real as compared to the U.S. Dollar may have a material negative effect on our financial condition and results of operations because distributions are denominated in U.S. dollars while substantially all of our revenues are denominated in Reals. In the case of a significant devaluation of the Real in the future, although our profit margins may remain stable, the actual realized profit may be substantially smaller. Since the Company's inception, the Real-Dollar exchange rate has in fact, dropped significantly, and this reduction has created significant downward pressure on the price of soybeans in Brazil. There can be no assurance that the Real will maintain its current value or that the Brazilian government will not implement disadvantageous monetary policy or currency exchange control mechanism. Exchange controls and restrictions on remittances abroad may adversely affect holders of our Units.

Holders may be adversely affected by the imposition of restrictions on the remittance to foreign investors of the proceeds of their investments in Brazil and the conversion of Brazilian currency into foreign currencies. The Brazilian government imposed remittance restrictions for approximately three months in 1989 and early 1990. These restrictions can hinder or prevent the conversion of dividends or distributions of proceeds into U.S. dollars and the remittance of the U.S. Dollars abroad. We cannot assure you that the Brazilian government will not take similar measures in the future.

Market Stability

The government of Brazil does not provide a financial safety net of income supports enjoyed by U.S. farmers. There are few government price supports for commodity grain, although the Brazilian government did offer price subsidies during late 2006 and into 2007, to prop-up low prices caused by the strong Real. However, Brazilian farmers are exposed to global market forces and therefore are vulnerable to prolonged price changes that could seriously our financial performance. Expansion of competitive Brazilian production could reduce our operational profits.

Banking Risks

The Brazilian economy provides very little commercial agriculture lending credit of the nature as is readily available to U.S. farmers in the U.S. economy. We may be unable to acquire short term or long term debt proceeds if necessary. Lack of adequate financing would adversely affect our operations.

Absence of Independent Evaluation

The purchase price is $12,000 per Unit less any appropriate discounts. The Company's 2006 Consolidated Balance Sheet prepared by the Public Accounting firm of Kerber, Eck & Braeckel in March of 2007 showed total member equity for the Company at $1,045,258. With 181 total Units outstanding as of December 31, 2006, member equity per Unit would stand at $5,775 per Unit.[4] The offering price has been established by the Company based on its estimate of Company capital and expense requirements and not based on perceived market value, book value, or other established criteria. There can be no assurance that the Units offered hereby will be repurchased by the Company at the offering price or any other price.

U.S. Tax Status of the Company

A limited liability company is an organization that that has fractional ownership interests, called units, held by members of the company, not unlike a partnership. Unlike a partnership, the members generally have no liability for the debts or charges against the company beyond the amounts invested in the units. The Company is currently treated as a partnership for federal income tax purposes and expects this treatment to continue, unless there is a change of law or trading in the Units which is sufficient to classify the Company as a publicly traded partnership. This means that the Company pays no income tax and members pay tax on their share of the Company's net income. The Company has not requested a ruling from the IRS with respect to the tax treatment of the Company because tax classification is essentially elective under current IRS regulations.

If the Company is treated as a corporation for federal income tax purposes, the Company would pay tax on its income at corporate rates (currently a maximum 35% federal rate), distributions would generally be taxed again to Unit holders as corporate dividends, and no income, gains losses or deductions would flow through to Unit holders. Because a tax would be imposed upon the Company as an entity, the cash available for distribution to Unit holders would be reduced by the amount of the tax paid. Reduced distributions could cause a reduction in the value of the Company Units.

U.S. Tax Status of the Brazilian Limitada

The Company's principal asset is its investment in the Limitada. Thus, the U. S. income tax classification of the Limitada has an effect on the taxable income reported to the Company's investors. The Company treats the Limitada as a regular C corporation for U. S. income tax purposes. As such, the income or loss of the Limitada is not reported for U. S. income tax purposes as it is incurred by the Limitada. Instead, the Limitada's income is only taxable on the Company's U.S. federal income tax returns as and when it is distributed to the Company, subject to certain special rules regarding possible recognition of income prior to its distribution that are

[4] Combined financial statements for South American Soy, LLC, do not take into account any gains on capital assets held by the subsidiary company, Nova Fronteira.

discussed in more detail below. If for any reason the corporate classification for the Limitada is reclassified by U.S. tax authorities, the Limitada could be classified as a partnership, causing current recognition of its income for federal income tax purposes irrespective of whether the Limitada has made any distributions to the Company.

Controlled Foreign Corporations

Because of the Company's ownership of the Limitada, the Company is classified as a "United States Shareholder" of the Limitada and the Limitada is classified as a "controlled foreign corporation" (a "CFC"). If the Limitada qualifies as a CFC for an uninterrupted period of 30 days or more during the taxable year, the United States shareholders of the CFC would generally be subject to current U.S. tax on certain types of income ("subpart F income") of the Limitada (e.g., dividends, interest, certain rents and royalties, gain from the sale of property producing such income, certain income invested in "excess passive assets" and certain income from sales and services) and, in certain circumstances, on earnings of the CFC that are invested in U.S. property, regardless of cash distributions from the CFC. Although it is not anticipated that the Limitada will generate subpart F income or invest in U.S. property, it is possible that subpart F income might be incurred or that an investment in U.S. property could be made by the Limitada, giving rise to current U.S. taxation of the Limitada's income. In addition, gain on sale of the CFC's stock by a United States shareholder (during the period that the corporation is a CFC and thereafter for a five year period) would be classified in whole or in part as ordinary dividend income to the extent of the CFC's undistributed earnings.

Tax Liabilities May Exceed Cash Distributions

Unit holders may receive allocations of taxable income that exceed cash distributions from the Company. This will occur if the Company determines that the cash generated by the business is needed to fund the Company's activities or other obligations, rather than being available for distribution to the Company Unit holders. It is possible that Unit holders may not receive distributions sufficient to pay the tax liability attributed to each holder, and therefore the holders may be forced to pay tax liabilities out of their personal funds. **As of January 1, 2007, this situation had not occurred at any point in the Company's history.**

Inability to Fully Deduct Losses or Interest Expense

It is likely that a member's interest in the Company will be treated as a "passive activity" for most Unit holders. In the case of Unit holders who are individuals or closely held corporations, this means that a Unit holder's share of any loss incurred by the Company will be deductible only against the holder's income or gains from other passive activities, e.g., "S" corporations and partnerships that conduct a business in which the holder does not materially participate. Passive activity losses that are disallowed in any taxable year are suspended and may be carried forward and used as an offset against passive activity income in future years. Upon disposition of a taxpayer's entire interest in a passive activity to an unrelated person in a taxable transaction, suspended losses with respect to that activity may then be deducted.

Tax Risks

No representations or warranties of any kind are made that any federal income tax advantages of an investment in the Company will be available to the investor. The Company has not and does not intend to request any ruling from the IRS or other tax authority with respect to any of the projected tax consequences set forth in this Memorandum, nor to obtain any opinion from tax counsel on the federal income tax issues pertaining to this offering. No representations of any kind are made with regard to state or foreign tax consequences of owning our Units. **Prospective investors are strongly urged to consult their own tax advisers prior to investment in the Company**. See **FEDERAL INCOME TAX CONSIDERATIONS.**

<u>Dilution</u>

One hundred thirty-three (133) Class A Units were purchased during the Company's first offering for $10,000 per Unit. Four (4) of the outstanding forty-eight (48) Class B Membership Units were purchased for an adjusted price of $2,750 per Unit. The remaining 44 Class B Membership Units were distributed to the current managers as compensation for services rendered to the Company. Forty-six (46) Class B Membership Units remain undistributed, residing in a Manager Compensation Contingency Fund, to be used as non-cash compensation for future managerial activities undertaken on the Company's behalf. See **MANAGER COMPENSATION**. Each Class A Unit that is offered in this offering is being sold for $12,000, less any applicable discounts (See **UNIT DISCOUNTS**), but will represent a pro rata ownership interest in the Company's capital, profits, losses and distribution equivalent to each Class B Unit. Purchasers of Units offered hereunder will experience immediate dilution of the value of their Units. Based on total member equity of $1,1045,258 as reported on the Company's combined Balance Sheet as prepared by Kerbel, Eck & Brackel for the period ending December 31, 2006, the purchasers in this offering will experience immediate dilution in the net tangible book value per Class A Unit. The dilution would range from approximately:

- If the maximum number of Units are sold (300) and all Units are sold with the maximum discount (300 Units at $10,500 per Unit). See **UNIT DISCOUNTS**.
  - Unit Purchase Price, Net Discounts of $12,000 per Unit -NA
  - Unit Purchase Price, Net Discounts of $11,500 per Unit:-NA
  - Unit Purchase Price, Net Discounts of $11,000 per Unit:-NA
  - Unit Purchase Price, Net Discounts of $10,500 per Unit:-$1,778 per Unit
- If the maximum number of Units are sold (300) and 50% of the Units are sold with the maximum discount (150 Units at $10,500 per Unit, 150 units at $12,000 per unit). See **UNIT DISCOUNTS**.
  - Unit Purchase Price, Net Discounts of $12,000 per Unit -$2,810 per Unit
  - Unit Purchase Price, Net Discounts of $11,500 per Unit:-$2,310 per Unit
  - Unit Purchase Price, Net Discounts of $11,000 per Unit:-$1,810 per Unit
  - Unit Purchase Price, Net Discounts of $10,500 per Unit:-$1,310 per Unit
- If 100 Units are sold and 25% of the Units are sold with an average discount of $1,000 per Unit (25 Units at $11,000 per Unit, 75 Units at $12,000 per Unit). See **UNIT DISCOUNTS**.
  - Unit Purchase Price, Net Discounts of $12,000 per Unit -$4,099 per Unit
  - Unit Purchase Price, Net Discounts of $11,500 per Unit:-$3,599 per Unit
  - Unit Purchase Price, Net Discounts of $11,000 per Unit:-$3,099 per Unit

    - Unit Purchase Price, Net Discounts of $10,500 per Unit:-$2,599 per Unit
- If the minimum number of Units are sold (1) and the Unit is sold with no discount (1 Unit at $12,000 per Unit). See **UNIT DISCOUNTS**.
    - Unit Purchase Price, Net Discounts of $12,000 per Unit -$6,191 per Unit
    - Unit Purchase Price, Net Discounts of $11,500 per Unit:-NA
    - Unit Purchase Price, Net Discounts of $11,000 per Unit:-NA
    - Unit Purchase Price, Net Discounts of $10,500 per Unit:-NA

See **DILUTION – Dilution in Percentage Ownership of the Company**. See **UNIT DISCOUNTS**.

<u>Dependence on Key Personnel</u>

The Company is primarily dependent at present upon the personal efforts and abilities of the four (4) operational managers; however, none of the managers is a full-time employee of the Company. Brazilian Operations Manager, Neige Caiapo, a lawyer resident in Brazil with dual citizenship in the United States, devotes approximately one-half of her time to directing all Brazilian operations and is a key person in connection with the venture. Ms. Caiapo's brother, Silvio Caiapo, serves as the Company's Tocantins Farms Manager and oversees all day-to-day farm operations and is critical to the future of the Company's operations. If their services become unavailable for any reason, there would be a material adverse effect on the Company. Our board of managers will have the exclusive right to make all decisions with respect to the management and operation of our business and our affairs. Investors will have no right to participate in the decisions of our board of managers or in the management of the Farms. Investors in this offering will only be permitted to vote for a minority number of managers; the current Class B Unit holders will elect a majority of the board of managers. Accordingly, no person should purchase Units unless such person is willing to entrust all aspects of our management to the board of managers.

<u>Lack of Control of Company</u>

Investors are relying entirely on our managers to manage our business. Investors have no right to take part in our management, except through the exercise of limited voting rights described in our Operating Agreement. Investors will not have any right to determine the amount or timing of any distributions, which right is reserved to the sole judgment of the board of managers.

<u>Distribution Policy</u>

Distributions are payable at the discretion of the Company's board of managers, subject to the provisions of the Illinois LLC Act and the Company's Operating Agreement. The board has no obligation to distribute profits, if any, to members. The current intent, subject to change, of the board with respect to any excess cash (i.e. cash in excess of debt service, working capital needs and necessary reserves) is to reinvest a portion (perhaps as much as 50%) for Company expansion and to make cash distributions of the balance to members to pay taxes generated by any Company profits allocated to the members in accordance with the terms of the Company's Operating Agreement. As of January 1, 2007, this situation has not occurred, and given the

Company's focus on growth and reinvestment, is not expected to occur prior to calendar year 2011 at the earliest. Any such distributions are totally discretionary with the board and may not, for various reasons, occur. As a result, members could owe more in taxes due to Company profits, than cash distributions received from the Company in any taxable year.

Management does not anticipate that the Company will pay any additional distributions on the Units in the near future and there can be no assurance that it ever will. Management presently intends to retain future profits to provide operational financing for the purchase of additional farms and other equipment. See **SUMMARY OF COMPANY OPERATING AGREEMENT**.

No Preemptive Rights

The Operating Agreement of the Company denies preemptive rights to members of the Company, regardless of class. Therefore, if the Company should determine to issue additional Units in the future, the Company could do so without offering such Units to then existing members, who would then experience a dilution in his or her percentage interest of the Company. See **SUMMARY OF COMPANY OPERATING AGREEMENT**.

Project Delays

Successful development of the Farms may be subject to delays, which are dependent upon weather conditions, work stoppages, availability and delivery of required building material and availability of labor. Any such delays may result in delays in the commencement of operations and thus, revenue and potential profit for the Company.

Debt Financing

The Company may require additional funds for its equipment needs and for operating expenses. Although the Company has discussed operational financing with a current purchaser of our soybeans, Bunge Alimentos, the Company does not have any commitments or arrangements to obtain any such funds and there can be no assurance that funds for these purposes, whether through additional sales of securities or collaborative or other arrangements with suppliers or from other sources, will be available to the Company when needed or on terms favorable to the Company. The unavailability of additional financing could require the Company to delay acquisition of additional farms, which would have a material adverse effect on the Company. The Company believes that the anticipated proceeds from this offering should be sufficient to fund its operating expenses and capital requirements as currently planned for several months, and one of the primary uses of the funds from this offering is to establish sufficient cash reserves to self-fund the Company's annual operational costs. However, the Company's cash requirements may vary materially from those now planned because of results of operations and other risk factors set forth herein, none of which can be predicted. During the first two years of operations, the Company's cash requirements have in fact exceeded original expectations, due in large part to the unexpected strength of the Brazilian Real, and the resulting lower prices being paid for soybeans grown on our farms in Brazil. This unexpected drop in gross revenues, when combined with the expected costs of the development of our three farms, created negative operational returns for the Company's first two years of operations, and higher than expected cash requirements to fund our developmental and production activities.

Acquisition of the Property

In June of 2004, the Company purchased its' first farm, NF1, a 1027 hectare (2537 acre) tract of land in the municipality of Araguacu. The farm had 97 hectares (240 acres) ready for tillage, and the third crop of soybeans was planted on this farm in November of 2006. A permit to clear the un-opened areas was granted by the state of Tocantins in September of 2006, and clearing operations began in January of 2007 on the balance of this farm. When clearing is complete, the farm will have 550 hectares (1,359 acres) of cropland. In December of 2004, the Company purchased an additional two farms. NF2 contains 185.6723 hectares (459 acres), and after opening pastures, now has 108.3306 hectares of cropland (268 acres). Forty hectares of second-year soybeans and 47 hectares of millet (for seed) were planted on this farm in December of 2006, and the farm has 3.7 hectares (9 acres) of established pastures. A legal reserve has not yet been established for this property. This farm is fully paid-off, and a clear title is held to the property in the name of the Limitada. Also purchased in December of 2004, NF3 contains 252.825 hectares (625 acres), and after pastures were opened and cerrado (brush) cleared, contains 152.0827 hectares (346 acres) for crops and pasture. Seven hectares of second-year soybeans were planted on this farm in December 2006, and 39.9 hectares (99 acres) are in established pastures. An additional 106 hectares (262 acres) have been cleared, and are being prepared for planting to soybeans in December of 2007. This property's legal reserve is established, and all areas that can be cleared, have been cleared.

All three farms are free of mortgage, and a clear title is held to the property in the name of the Limitada. The Company will purchase additional property as cash flow permits, but the Company's ability to purchase additional property in the next twelve months is totally dependent upon the successful completion of this offering and other factors.

Potential Conflicts of Interest

Managers and members of the Company may enter into agreements or other arrangements with the Company from time to time. The Operating Agreement permits such arrangements; provided, however, that the managers will cause the Company to conduct its business and operations separate and apart from that of any manager or any of its affiliates, such that transactions will be on terms no more favorable to the managers or members than generally afforded to non-affiliated parties in a similar transaction.

Assumptions in Financial Forecasts

Any financial forecasts or statements of opinion of a financial nature contained in the Business Plan attached as Exhibit A are based on several material assumptions. Those assumptions are described in that Exhibit. Some or all of the assumptions that were made in the creation of that statement may prove to be false and actual circumstances may prove to be detrimental to our financial performance. Actual results may differ from projected results, and may be significantly worse than projected, such that you may lose some or all of your investment.

As a point in fact, the Company's financial forecasts created in calendar year 2004 used an assumed Brazilian *Real*-US D*ollar* exchange rate of 2.78 to 1. Actual results for the past two years show that this rate has trended to much lower levels than expected—trading near 2.1 to 1 during the first quarter of calendar year 2007. This is a 25% reduction from the Company's 2004 projections. Since the majority of Brazil's soybeans are exported, the decline in the exchange rate negatively affected soybean prices. Between March 2004 and April 2006, the world price of soybeans (as measured by prices for nearby soybeans on the Chicago Board of Trade) fell by approximately 37%, while prices offered for purchases of our Company's soybeans in Brazil fell by 59%. This larger reduction is the added effect of the falling R*eal-US* D*ollar* exchange rate. The net effect of this drop in the exchange rate, and soybean prices, can be seen in the Company's larger than expected start-up operational losses. The Company's financial forecasts, prepared in calendar year 2004, anticipated cumulative losses for the first three years of operations, calendar years 2003 – 2005, excluding estimated income from interest, of approximately $180,000. Actual losses for the combined US-Brazilian entities for these three years have totaled $363,738.

No Audited Financial Statements

The financial statements of the Company have not been audited.

Competition

The Company's primary business focus is in the production of commodity soybeans. The supply of the resources required to produce commodity soybeans (land, labor and inputs) exceeds supply, and therefore competition plays no role, from this standpoint of access to inputs. Likewise, the entities that purchase the commodity that our Company produces, place no limits on the volume of commodities that they will purchase in total, and thus competition also plays no role in limiting the sale of our products. Thus from the standpoint of operations, the success of the Company will not be limited by any competitive factors emanating from Brazil. The primary factor that will determine the success of the Company operationally will be how well the Company maximizes revenues while minimizing expenses.

In the area of securing working capital through private equity offers, competition could have an effect on our ability to secure adequate cash for operations. Management believes there to be a limited pool of qualified potential investors with an interest in investments that focus on Brazilian agriculture. At the same time, there are several U.S. companies that, from time to time, have opportunities to invest in equity offers, similar to the type offered by our Company.

The foregoing discussion of risk factors is not intended to be an exhaustive discussion of all the risks that may be associated with an investment in the Company. Moreover, because there are many inherent risks that may not be anticipated by the Company, prospective investors should be aware that additional risks inherent in an

investment in the Company might be experienced that are not presently foreseen by the Company.

USE OF PROCEEDS

The expenses of the Company directly related to this offering are estimated by the Company to be approximately $30,000, primarily for meeting costs, printing, accounting and legal fees associated with preparing for, and conducting this offer. Thus, the net proceeds to the Company from the sale of Units being offered hereby will be approximately $3,570,000 based upon a maximum offering amount of $3,600,000. There are no underwriting fees, finder's fees or commissions to be paid by the Company in connection with this offering. See **SUBSCRIPTION OFFER**.

The Company intends to use the proceeds of this offering to pay offering expenses, expenses incurred by the Company in the United States and expenses associated with operating and developing current properties, and acquiring and operating additional Brazilian farm land through the Limitada. The timing and quantity of additional land purchases will be dictated by the total capitalization achieved. See **BUSINESS OF THE COMPANY**.

The following table describes the estimated sources of funds and the estimated use of proceeds by the Company based on a maximum offering amount of $3,600,000. The following figures are intended to be estimates only, and the actual use of funds may vary significantly from the descriptions given below. In addition, the Company may decide to change its priorities.

Maximum Offering $3,600,000

Source of Funds

Class A membership Unit proceeds	$3,600,000	
Est, Net Cash Reserves-US	$ 60,000	
Est. Net, Services Incomes- US	$ 20,000	
Est. Grain Inventories – Brazil	$ 58,000	
Est. 2007 Soy Production – Brazil	$ 80,000	
		$3,818,000

Use of Funds *

* The Use of Funds is an estimate only and the actual amounts may vary. There are no commitments or agreements with any third parties to actually provide the uses for the costs indicated. The list is prioritized, but we may change priorities in terms of particular uses.

Operational Costs – US	$ 80,000
Expenses Associated with the Offer-US	$ 30,000
07/08 Inputs & Operational Costs – Brazil	$ 400,000
Land Development Expenses-Brazil	$ 100,000
Purchase Operations Machinery -Brazil	$ 100,000
Purchase Harvesting Machinery-Brazil	$ 400,000

Possible Real Estate Purchases	
5,000 acres @ app. $300 / acre-Brazil	$1,500,000
Working Cash	$1,208,000

$3,818,000

In the event the Company requires cash in excess of the funds raised pursuant to this offering, it may seek additional financing by borrowing, including borrowing from multinational grain companies and/or through the sale of additional Units. One such multinational company that may provide financing for annual operating expenses is an entity through which the Company has merchandized soybeans through for the past 3 crops, named Bunge Alimentos. We may seek credit from equipment manufacturers for equipment that we may need to operate our Farms, rather than purchasing such equipment outright. There can be no assurance that the Company will be successful in obtaining this financing or any additional financing if needed.

BUSINESS OF THE COMPANY

General

The Company was organized on August 15, 2003 for the purpose of organizing the Limitada and through it, purchasing and developing farm land in Brazil for the cultivation of crops.

The principal business office of the Company is currently located at 1414 N. 2400 E. Rd., Assumption, Illinois 62510, and its telephone number is (217) 226-4273 or toll-free (866) 711-2769. The Company's email address is staff@sasoy.com. The Company is managed by four (4) operational managers (the "Operational Managers") who own all of the forty-eight (48) currently outstanding Class B Units of the Company. The Company is directed by a board of managers consisting of the four (4) Operational Managers, and two (2) Class A Units holders, elected by holders of Class A Units for staggered three (3) year terms.

The Company created the Limitada, named Nova Frontiera Limitada. The Company owns 99% of the Limitada. Due to Brazilian law, a Brazilian must own shares in the Limitada. Therefore, the remaining 1% of the Limitada is held by the Company's Brazilian Operations Manager, Neige Caiapo. Her ownership of the 1% equity of the Limitada will expire and revert back to the Company in the event that she leaves the employ of the Company or loses her status as a Brazilian resident. Furthermore, all income and capital appreciation accrued to her 1% ownership will "pass through" to the Company, per the terms of a contract signed between the Company and Neige Caiapo. Substantially all of the offering proceeds will be invested in the Limitada. The Limitada conducts all our business in Brazil and generates all our revenues. These revenues are in the form of distributions from the Limitada, with the Company receiving 99% of all distributions and per the terms of the above mentioned contract, Ms. Caiapo's 1% of all distributions, also accruing to the Company.

Historical Timeline for the Company

- Aug 2003: Legal Formation and Start of Operations
- Sept 2003: Exploratory Trip to identify location
- Nov. 2003: First Crop Planted, 51 acres of first-year soybeans
- Jan 2004: Nova Fronteira Formation
- Feb.-Sept. 2005: First Offer – First offer, Company Adds New Members and Capital
- May 2004: Harvest of first crop, with 20 bushel per acre average yields
- June 2004: Purchase First Farm – NF1
- June-Nov 2004: First Machinery Purchased
- Sept-Oct. 2004: Machine Shed Constructed on NF1
- Nov 2004: CropWatchers Program Begins – See CROPWATCHERS
- Nov-Dec 2004: Second Crop Of Beans Planted, 286 acres of soybeans
- Dec. 2004: Second and third farms purchases, NF2 and NF3
- Jan 2005: Brazilian Farm Report Issue #1
- Mar. 2005: First Annual Meeting, First Manager Elections
- Mar-Aug, 2005: Development of NF 2 and NF3
- May 2005: Second Harvest, with a 19.4 bushel/acre,first-year soy average
- July 2005: Class A Directors Visit the Tocantins Farms
- Sept 2005: New Baldan Planter Purchased
- Nov-Jan 2005: 3rd Crop Planted, 516 acres of soybeans
- Nov 2005: CropWatcher Program Expands to Iowa
- Feb 2006: First Member Tour visits Tocantins Farms
- March 2006: 2nd Annual Meeting at Grand Bear Lodge near Utica, IL
- April 2006: 3rd Harvest Complete with 34.5 bushels/acre average yields
- Sept 2006: NF 1 Clearing Permit Secured
- Dec 2006: 4th Crop Planted with 350 acres of soy
- January 2007 2nd Annual Frontier Member Tour to Brazil
- February 2007 1st Annual CropWatcher Tour to Brazil
- March 2007 3rd Annual Meeting at Grand Bear Lodge near Utica, IL
- March 2007 Second private offer opens

CropWatchers

In November of 2004, the Company began contracting with the Illinois Farm Bureau's weekly member publication, *FarmWeek*, to provide weekly crop reports from five farmers located in various soybean production regions throughout the country of Brazil for the primary growing season, which runs from November though April. The reports were well received, and beginning in November of 2005, the number of reporters was expanded to ten, and Iowa Farm Bureau's weekly member publication, the *Spokesman*, also began to carry the reports. These reports continue to be very popular and well read in both Illinois and Iowa. The Company uses a subcontractor in Brazil to assist in the collection and preparation of the weekly reports. The annual program generates positive publicity for the Company, and also has a margin of profit that exceeds 100%.

The Farms

Pilot Farm

In September of 2003, the Company initiated a three-year lease on a 21.78 hectares (55.8 acre) tract of land near Araguacu, Tocantins in Brazil. After converting the pastureland to cropland, the Company produced three crops of soybeans on this property. This farm was used as a research farm to validate input costs, yield and local price data; to employ, test and enhance the Company's management, controls, planning and reporting structures; and to gain first hand knowledge and experience in the various facets of soybean production and marketing in Brazil. The lease expired on this property in June of 2006, and has not been renewed.

NF1

In June of 2004, the Company purchased its' first farm, NF1, a 1027 hectare (2537 acre) tract of land in the municipality of Araguacu. The farm had 97 hectares (240 acres) ready for tillage, and the third crop of soybeans was planted on this farm in November of 2006. A permit to clear the un-opened areas was granted by the state of Tocantins in September of 2006, and clearing operations began in January of 2007 on the balance of this farm. When clearing is complete, the farm will have 550 hectares (1,359 acres) of cropland. This farm is fully paid-off, and a clear title is held to the property in the name of the Limitada.

In December of 2004, the Company purchased two additional farms.

NF2

NF2 contains 185.6723 hectares (459 acres), and after opening pastures, now has 108.3306 hectares of cropland (268 acres). Forty hectares of second-year soybeans and 47 hectares of millet (for seed) were planted on this farm in December of 2006, and the farm has 3.7 hectares (9 acres) of established pastures. A legal reserve has not yet been established for this property. This farm is fully paid-off, and a clear title is held to the property in the name of the Limitada.

NF3

Also purchased in December of 2004, NF3 contains 252.825 hectares (625 acres), and after pastures were opened and cerrado (brush) cleared, contains 152.0827 hectares (346 acres) for crops and pasture. Seven hectares of second-year soybeans were planted on this farm in December of 2006, and 39.9 hectares (99 acres) are in established pastures. An additional 106 hectares (262 acres) have been cleared, and are being prepared for planting to soybeans in December of 2007. This property's legal reserve is established, and all areas that can be cleared, have been cleared. This farm is fully paid-off, and a clear title is held to the property in the name of the Limitada.

The board of managers will have the sole discretion to determine all additional farmland to be purchased or leased. Investors in this offering must rely on the judgment of the board of managers in this decision.

The Company has acquired farm machinery in Brazil sufficient to operate the business to this point in time. As of December 31, 2006, an unaudited market value assessment of the Company's total investment in farm machinery and land development equipment stood at $210,000.

As tillable acreage increases as a result of ongoing development operations, additional machinery will need to be acquired. In the next twelve months, the Company expects to investigate the purchase of a second tillage/utility tractor with front loader, and other small supplies and items of machinery. Costs will vary, but are estimated to total less than $100,000. Specific items, quantities, costs and timings of purchases will vary based upon the tillable acreage farmed by the Limitada.

In the next twenty-four months, the Company expects to investigate the purchase of a combine and truck for harvesting operations. Currently the Company uses contracted harvesting and hauling services, and may continue to do so if feasible. Purchase costs are variable, but are estimated to total between $150,000 to $400,000, depending on the age of the equipment, and the number of trucks acquired.

If the Company purchases and develops additional tillable acreage, the Company would expect need to make additional investments in farm machinery.

For a more complete description of the agricultural situation in Brazil, please see the Brazilian Agricultural Update, **See EXHIBIT D**

Employees

The Company hires, through the Limitada, a variable number of employees—the exact number depending on the level of activity at the Farms. Some of the employees are involved in management and administration and the rest are involved primarily in day-to-day farming operations.

In charge of Brazilian operations and a member of the board of managers is Neige Caiapo and she is responsible for all operational, developmental and management activities under way in Brazil. Kent Sorrells, also a member of the board of managers, is in charge of merchandising and responsible for all grain marketing and risk management activities. Brad Glenn, the third Class B member of the board of managers, is the head of marketing and responsible for developing new products and services, media communications and new investor activities. The general manager is Phil Corzine, who is the fourth Class B member of the board of managers, and is responsible for oversight and coordination of all of the Company's activities. All four of the Operational Managers are employed by the Company, have served in their current roles since the Company's inception in 2003.

Silveo Caiapo, Ms. Caiapo's brother, is employed by the Limitada, as Tocantins Farm Manager, and as such is responsible for all day-to-day production and development activities underway on the Farms. Mr. Caiapo has served in this capacity since the inception of the Company**.**

Management Discussion and Analysis

Since its organization, the Company has focused its efforts on establishing its operations in Brazil through the purchase, development and harvesting of farmland and necessary equipment. Due to the expenses of developing the Farms and the initial planting and harvesting of crops, the Company has yet to make a profit.

In 2003, the Company planted its first crop, 51 acres of soybeans. In 2004, the Company expanded planted acreage to 286 acres of soybeans. This compares to 516 acres planted in 2005. The Company's fourth crop of soybeans, 350 acres, was planted in 2006, and is expected to be harvested in April-May of 2007. The Company's first crop of soybeans, planted in 2003 and harvested in May of 2004, yielded on average, 20 bushels per acre. The Company's second crop, planted in 2004 and harvested in 2005, averaged 19.4 bushels per acre, and the Company's third crop, planted in 2005 and harvested in April of 2006, had average yields of 34.5 bushels per acre. Production from the 2003/2004 crop was sold to the Bunge facility in Gurupi Tocantins in June of 2004 for 44 R*eals* per sac, or $6.45 per bushel, using the exchange rate in effect at the time of 3.10 R*eals* per US *Dollar*. The 2004/2005 crop of soybeans was stored at the Bunge facility until calendar year 2006, when the crop was merchandized in three sales occurring in January, August and November, for prices ranging from 23.52 to 24.40 R*eals* per sac ($4.88 to $4.96 per bushel), or an average price per sac of 24.15 R*eals*--or $5.03 per bushel using the exchange rate of 2.179 R*eals* per Dollar, in effect at the time of the final sale. Approximately 35% of the soybeans produced in the 2005/2006 crop, 2708.1 sacs (5,958 bushels) were sold on January 31, 2007, for a price of 26 R*eals* per sac (5.55 per bushel). The Company has approximately 9,015 bushels remaining un-priced, in storage with Bunge.

The Company's combined financial reports are prepared annually by the accounting firm of Kerbel, Eck & Braeckel in Springfield, Illinois, and the reports are prepared by combining the annual financial records of the U.S. portion of the Company, kept at the Company's Assumption Illinois offices, with the annual financial records of the Limitada, the Company's subsidiary[5]. The financial reports from Nova Fronteira are in Portuguese, and are denominated in the Brazilian currency of the *Real*. So Nova Fronteira's records are translated annually by a bonded translator, and all amounts are converted to U.S. Dollars by our U.S. accountants. In addition, the fiscal year of both companies is the calendar year, but the crop year in Brazil begins in November with harvest not occurring until April of the following calendar year, so expenses are incurred in one year while the crop is produced in the following—which creates an ongoing mismatch between expenses and revenue for accounting purposes.

The Company had no revenues in 2004. Although the Company did sell soybeans in calendar year 2004, the income was not recorded on our Brazilian Company's books until calendar year 2005, due to issues associated with the startup and registration of the Limitada to

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[5] The Company holds 99 of the 100 units issued by its subsidiary, Nova Fronteira. One unit is held by the Company's Brazilian Operations Manager, Neige Caiapo, a resident of Brazil, as required by Brazilian law. Ms. Caiapo has executed a contract with the Company, pledging any income and capital appreciation accruing from the one unit she holds in Nova Fronteira, in return for compensation she receives as part of her management contract. See MANAGER AND BOARD MEMBER COMPENSATION.

do business in the state of Tocantins, Brazil. In 2005, the Company had revenues of $29,677 , which was in part, from the sale of soybeans produced in crop year 2003/2004. Cost of goods sold in 2004 was $0 and $78,708 in 2005, primarily due to costs of seed, fertilizer and other input costs. These figures resulted in a gross loss of $49,031 in 2005. The increase in the cost of goods sold in 2005 is directly attributable to the increase in planted acreage for the crop to be harvested in 2006 (from 286 acres planted in crop year 2004/2005 to 516 acres planted in crop year 2005/2006), for which input costs were incurred in calendar year 2005. In addition, the cost of fuel for operations tied to development of the farms for the clearing and conversion of the pastures and cerrado (brush) areas into cropland, are included in the cost of goods sold.

Total costs and expenses rose slightly from $145,826 in 2004 to $170,048 in 2005, resulting in an operating loss of $145,826 in 2004 and an operating loss of $219,079 in 2005. The cost of labor and machine repairs and maintenance for operations tied to development of the farms for the clearing and conversion of the pastures and cerrado (brush) areas into cropland, are included in the category of Total costs and expenses. Travel costs also increased for calendar year 2005 due to costs associated with a visit of the two newly elected Class A Board of Managers members. In addition, the increase in planted acreage from the crop planted in 2004 to the crop planted in 2005, also resulted in more crop-related expenses accruing to total costs and expenses, in categories such as labor and repairs.

Other income and expense totaled a negative $1,915 in 2004 and a positive $7,951 in 2005, with the change largely the result of an increase in interest income in 2005. This results in a net loss in 2004 of $147,741 and a net loss in 2005 of $211,128. As noted in the comments above, the losses for these first two years of operations are larger than expected, in part, due to the poorer economic conditions resulting from the lower exchange rate and soybean prices in Brazil. However, as also noted in comments above, the losses also are somewhat distorted and exaggerated due to mismatches between the incursion of expenses and the recognition of income, the increasing scale of the operation, the lack of accounting for unsold inventory, and the inclusion of expenses associated with land development which might more appropriately be depreciated and included as a capital cost.

Total current assets decreased from $992,897 in 2004 to $421,488 in 2005, while property and equipment increased from $452,838 in 2004 to $754,197 in 2005. These numbers combined reflect the Company's using a large portion of its cash and investments built up before and during 2004 to purchase inventory, growing crop and property and equipment in 2005. The Company, as of March 1, 2007, had no debt in either the U.S. or Brazil, and all property and machinery was and is owned and paid for, and this, in combination with our operational losses to date, account for the drop in capital. The Company originally anticipated securing financing subsidized by the government of Brazil for input costs, but due to the nature of our ownership, we have not been successful in our efforts in that area, and we do not anticipate having success in the future for the same reasons. There is a possibility of securing financing from a multi-national grain company we sell our soybeans to, however the cost of interest is relatively high for those products, and the use of these programs somewhat restricts our merchandising flexibility, and the Company would prefer to self-finance operational and investment costs, if possible.

Current liabilities were $216,458 in 2004 and $16,825 in 2005. This decrease reflects the payoff of the contract-for-deed used to purchase our first farm, NF1. This was accomplished after the Company was successfully funded during our first Private Equity Offer. Members' equity was $1,269,613 in 2004 and $1,177,757 in 2005, with the decrease the result of the operational losses discussed above.

MANAGEMENT

The following table shows the members of the board of managers of the Company as of the date of this Memorandum:

NAME	Type	Term Expires
Philip K. Corzine	Class B	Annually
Kent Sorrells	Class B	Annually
Brad Glenn	Class B	Annually
Neige Caiapo	Class B	Annually
Don Huftalin	Class A	2007 Annual Meeting
Phil Frank	Class A	2008 Annual Meeting

The Company's Operating Agreement currently provides that the board of managers will be comprised of between three and seven members. The current board of managers is comprised of six (6) members, two representing holders of Class A Units and four (4) representing holders of Class B Units. The Operating Agreement stipulates that Class B members of the board of managers will be elected annually by holders of Class B Units. The Operating Agreement establishes three-year terms for Class A members on the board of managers, who are elected by holders of Class A Units at annual meetings of the members. In addition, each Class A member who holds one hundred (100) or more Class A Units is entitled to appoint one (1) manager. A manager appointed by a Class A Unit holder under this section will serve indefinitely at the pleasure of the Class A Unit holder appointing him or her. Currently, no Class A Unit holders hold one hundred (100) or more Units. In the event that the Company accepts subscriptions for the purchase of Units from more than one (1) person who would each be entitled to appoint a manager pursuant to the above, the number of managers will be increased to accommodate those appointment rights. See **SUMMARY OF COMPANY OPERATING AGREEMENT – Management**.

The following table shows the Operational Managers of the Company as of the date of this Memorandum:

NAME	AGE	POSITION
Philip K. Corzine	48	General Manager
Kent Sorrells	48	Manager in charge of merchandising
Brad Glenn	49	Manager in charge of marketing and investor

		relationship management and communications
Neige Caiapo	46	Manager in charge of Brazilian Operations

Business Experience of Managers

The following is a brief description of the business experience and background of the above-named managers of the Company.

Philip K. Corzine, **General Manager** – Mr. Corzine has twenty-eight years of experience managing corn and soybean operations near Assumption, Illinois, and serves as the lead consultant for AgPage International Consulting in Assumption, Illinois. Founded by Mr. Corzine in 1998, AgPage provides services to a variety of small businesses on internet technologies as well as offering consulting services on agricultural business development and economic analysis issues. Mr. Corzine is a graduate of the University of Illinois at Springfield (B.A. in Economics), the Illinois Soy-Leaders Program and the Illinois Agricultural Leadership Program. In the past, he has served the agricultural industry as a director for Farm Credit Services and the Illinois Soybean Program Operating Board of Directors.

Kent Sorrells, Merchandising Manager– Mr. Sorrells is a graduate of Southern Illinois University – Carbondale with a Bachelor of Science Degree in Agriculture Economics. Mr. Sorrells has a farming background, having grown up on a farm near Raymond, Illinois and participated with his father and brother-in-law in a family farming trucking and grain elevator business. He managed the local grain elevator, and is a past member of the Illinois Soybean Operating Board.

Brad Glenn, Marketing Manager- Mr. Glenn is currently president of his family's farming operation, Glen Bros., Inc., which operates 1,100 acres along with providing custom services for farmers and seed corn companies. Mr. Glenn also runs BNG Consulting, a price risk management consulting firm that assists farms with price risk management. Mr. Glen holds a Bachelor of Science Degree in Agricultural Economics from Western Illinois University and has completed numerous continuing education programs. He served on the Illinois Soybean Association board of directors. In the past, Mr. Glen has also served on the Chicago Federal Reserve Advisory Council on Agriculture, Labor and Small Business.

Neige Caiapo, Brazilian Operations Managers - Ms. Caiapó grew up on a 600-hectare diversified farm in the state of Minas Gerais, Brazil. After obtaining her law degree from the Federal University of Minas Gerais, she focussed on transport and labor issues in Rio de Janeiro. Subsequently, she moved to the United States, where she opened a Brazilian restaurant and coordinated cultural exchanges on behalf of Monsanto Company and the Catholic Church. Back in Brazil, she combines her farm and retail food experience to provide a number of U.S. commodity boards with unique programs. Her most recent efforts have included a cooperative promotion effort with chains such as TGI Friday's and Hard Rock Café for the U.S. Potato

Board, and sales-tripling supermarket cross-promotions with Pão de Açúcar, Carrefour, Sendas and others, for the Northwest Cherry Growers Commission

Don Huftalin, Manager-Board Member – Mr. Huftalin was elected for a two-year term on the Board of Managers[6] during the Company's first annual meeting in March of 2005. He is currently a candidate for the same position to be elected at the March 17th Annual Meeting. After spending time in Korea with the US Army, Mr. Huftalin held positions as a production manager of a swine farm, and worked as a farm loan representative with Metropolitan Life Insurance Company. Mr. Huftalin started farming in 1964, producing grain and hogs near Genoa, Illinois. Currently his operation raises 1300 acres of corn and soybeans in Illinois and Iowa and also operates a 2000 sow, farrow-to-finish hog operation, all in partnership with his son, Bert.

Phil Frank, Manager-Board Member – Mr. Frank was elected to a three-year term[7] on the Board of Managers during the Company's first annual meeting in March of 2005. After completing his studies at the University of Illinois in 1974, Mr. Frank began farming with his father on an integrated grain and livestock farm near Springfield, Illinois. Mr. Frank's operation currently produces corn and soybeans on 2,200 acres, and also includes a 100 head beef cow herd, 400-500 head of feeder cattle fed out per year, and hogs produced annually of 12,500. In addition, the family business operates a Pioneer Seed dealership and a Choose and Cut Christmas Tree operation.

<u>Manager and Board Member Compensation</u>

All board members, managers and employees of the Company are entitled to and have on occasion, received reimbursement for expenses incurred by them on behalf of the Company. Although the Company may, pursuant to the Operating Agreement, pay board member fees to its managers for attendance at the board of managers meetings, as of the date of this Memorandum, no such fees have been paid by the Company.

Class B Unit holders make up the current team of four (4) Operational Managers and all work for the Company on a part time basis. To tie performance to Company profitability, all four (4) Operational Managers accept a minimum of 50% of their annual compensation in the form of Class B Units. Since the Company's inception three years ago, forty-four (44) Units have been distributed to the Operational Manager team as non-cash compensation. Forty-six (46)

[6] To stagger the terms of the two Class A Managers, the first election, which occurred during the March 2005 Annual Meeting, was for two positions on the Board, one for a three year term and one for a two year term, with the individual receiving the most votes to receive the three year term. Mr. Frank received the most votes, and was awarded the three year term, while Mr Huftalin received the second highest number of votes, and received a two year initial term on the Board. Mr Huftalin's position on the Board is up for re-election at the March 17th, 2007 Annual Meeting, and the term for the Manager's position elected at that meeting, which he is a nominee for, will be for three years.

[7] To stagger the terms of the two Class A Managers, the first election, which occurred during the March 2005 Annual Meeting, was for two positions on the Board, one for a three year term and one for a two year term, with the individual receiving the most votes to receive the three year term. Mr. Frank received the most votes, and was awarded the three year term, while Mr Huftalin received the second highest number of votes, and received a two year initial term on the Board.

Class B Units remain in a Management Compensation Contingency fund, and pending the fulfillment of individual management contracts, will be distributed to the Operational Manager team over the next four (4) years, as non-cash compensation.

All four (4) Operational Managers signed contracts for an initial term of 7 years, ending December 31, 2011. None of the Operational Managers are required to devote 100% of their time to the Company. Under written contracts with the Company, the four (4) Operational Managers receive Class B Units OR a combination of Class B Units and a cash salary (INDIVIDUAL DETAILS BELOW). All Units distributed as non-cash managerial compensation will be Class B Units, and all Units will be credited to the Operational Manager's account on the last day of the Company's fiscal year. At the discretion of the board of managers, Operational Managers are eligible to receive increases in compensation and or annual bonuses in the form of cash, or Class B Units.

During the final year of the Operational Managers' contract terms, a Compensation Committee will be created, comprised of the two (2) Class A members of the board of managers along with two (2) additional Class A Unit holders elected from the membership. The purpose of the committee will be to review the Operational Managers' performance, and make a recommendation to the board of managers on any ongoing contracts to be offered to the management team.

All Operational Managers will be entitled to receive a severance payment equal to 100% of their cash and or non-cash annual compensation (i.e. Class B Units) in the event they are terminated without "cause". "Cause" means that a manager has committed an act or omission of gross negligence or willful misconduct in the performance of his or her duties and services; been convicted of a felony; materially breached a material provision of his or her employment agreement which remained uncorrected for thirty days; failed to obey orders given by the Company or supervisors; committed an act or omission of misconduct in connection with the performance of his or her duties, including, without limitation, misappropriation of funds or property of the Company; secured or attempted to secure personally any profit in connection with any transaction entered into on behalf of the Company, misrepresentation to the Company, or any violation of law or regulations on Company premises or to which the Company is subject; committed dishonesty, theft, or unethical business conduct, or conduct that impairs or injures the reputation of, or harms the Company; been disloyal; failed to devoted his or her best efforts of the Company's business and affairs or failed to fully cooperate in any investigation by the Company. Upon termination, he or she will be subject to certain confidentiality and non-competition restrictions.

Key highlights of the individual management contracts for the calendar year 2007, with options to extend through calendar year 2011, are as follows:

- Phil Corzine, General Manager – 108 days / year.
  - No cash salary ($0) & 4.25 Class B Units/year
- Neige Caiapo, Director Brazil Operations – 150 days / year
  - $18,700 / year paid quarterly & 3 Class B Units / year
- Kent Sorrells, Merchandising Manager/Treasurer – 54 days / year
  - No cash salary ($0) & 2 Class B Units/year

- Brad Glenn, Marketing Manager – 66 days / year
    - For calendar year 2007 - $16,500 cash salary & 1 Class B Unit/year
    - For calendar years 2008-2011 – 1 Class B Unit/year plus an optional cash salary of maximum of $8,250, dependent on duties assigned

OFFERING LIMITED TO CERTAIN INVESTORS

Investment in the Units offered hereby involves a high degree of risk; therefore, this investment is only suitable for an investor who has such knowledge and experience in financial and business matters that the investor is capable of evaluating the merits and risks of this offering and who can bear the economic risks of this investment, including absence of liquidity and potential loss of his total investment.

This investment is being offered only to investors who qualify as "accredited investors" as such term is defined in Rule 501 of Regulation D, promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Each investor must be capable of evaluating the merits and risks of this offering and must be able to bear the economic risks of this investment.

Each investor must represent in writing to the Company that such investor is an "accredited investor" as defined in Rule 501 and that the investor is acquiring the Units for the investor's own account for investment and not with a view to the resale or distribution thereof. Pursuant to Rule 501, an “accredited investor” includes, among other things:

(a) Any natural person whose individual net worth, or joint net worth with that person's spouse at the time of purchase exceeds $1,000,000;

(b) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in of each of those years and has a reasonable expectation of reaching the same income level in the current year;

(c) Any corporation, partnership, Massachusetts or similar business trust not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

(d) Any entity in which all of the equity owners are accredited investors;

(e) Any company which is organized as an insurance company, whose primary and predominant business activity is the writing of insurance or the reinsuring of risks undertaken by insurance companies, and which is subject to supervision by the insurance commissioner, or a similar official or agency, of a state or territory or the District of Columbia;

(f) Any national bank, banking institution organized under the laws of any state, territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the state or territorial banking commission or similar official, whether acting in its individual or fiduciary capacity;

(g) Any trust with total assets in excess of $5 million not formed for the specific purpose of acquiring the securities offered whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment; and

(h) Any manager, executive officer or general partner of the Company.

In addition to the accredited investor representation, each investor must represent in writing to the Company that:

1. The investor has an adequate net worth, and has adequate means of providing for the investor's current needs and personal contingencies and has no need for liquidity in this investment for an indefinite amount of time;

2. The investor is able to bear the economic risk of this investment;

3. The investor has sufficient net worth to sustain a loss of the investor's entire investment in the Company without economic hardship if such loss should occur; and

4. By virtue of such investor's own experience and knowledge, such investor is capable of evaluating the risks and merits of investing in the Company.

The foregoing representations and other representations are set forth in the subscription agreement (distributed separately), which each subscriber will be required to execute. In addition, a prospective investor will be required, upon request of the Company, to provide such evidence as may be deemed necessary to substantiate the accuracy of such representations.

It should be noted that the above suitability standards adopted by the Company are minimum requirements for prospective investors and the satisfaction of those standards does not necessarily mean that this is a suitable investment for such investor. Each investor should consult the investor's personal business and professional advisors as to his or her investment in the Company. See **RISK FACTORS** for a discussion of certain risks in connection with purchasing the Units.

The Company will make available to each investor hereunder, upon request, at any reasonable time prior to the purchase of the Units hereunder, the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information which the Company possesses, or can acquire without unreasonable effort or expense, to the extent necessary to verify the accuracy of any information provided herein.

RESTRICTIONS ON TRANSFER OF UNITS

FOR THE REASONS DESCRIBED BELOW, INVESTMENT IN THE COMPANY SHOULD BE UNDERTAKEN ONLY BY THOSE INVESTORS WHO CAN AFFORD AN ILLIQUID INVESTMENT AND WHO DO NOT INTEND TO RESELL OR TRANSFER THEIR UNITS.

Securities Law Restrictions

The Units offered hereby are offered pursuant to Regulation D, promulgated under the Securities Act, which exempts from the registration requirements of the Securities Act transactions not involving any public offering and which is limited in offering amount in accordance therewith. Therefore, the Units purchased hereunder are "restricted securities" and cannot be resold without registration under the Securities Act or an exemption therefrom. In this connection, each investor will be required to represent to the Company in a subscription agreement the following:

1. That the investor understands the Units have not been registered under state and federal securities laws, but are being offered in reliance on private offering or other exemptions;

2. That the investor is acquiring the Units for the investor's own account for investment purposes and not for the purpose of resale or in connection with any distribution;

3. That the investor may not sell, pledge, hypothecate, assign or otherwise transfer any of the Units unless the investor obtains an opinion of counsel acceptable to the Company that the proposed transfer will not violate the Securities Act, as amended, and that the Company is under no obligation to register the Units purchased hereunder on behalf of any purchaser or to assist such person in complying with any exemption from registration;

4. That an appropriate legend may be placed on the certificate evidencing the investor's ownership to give notice of the restrictions set forth above; and

5. That the Company may place a stop-transfer order or otherwise make appropriate notations in the records of the Company to enforce the restrictions described above.

Partnership Tax Restrictions

Transferability of Units is restricted to ensure that the Company is not deemed a "publicly traded partnership" and thus taxed as a corporation. See **FEDERAL INCOME TAX CONSIDERATIONS -- Publicly Traded Partnership Rules**. Under the Operating Agreement, no transfers may occur without the approval of the board of managers. The board of managers will permit transfers that fall within "safe harbors" contained in the publicly traded partnership rules under the Code. These include transfers by gift, transfers upon the death of a member, intra family transfers and other transfers during the tax year that in the aggregate do not exceed 2% of the total outstanding Units.

SUBSCRIPTION OFFER

The Offer

The Company is hereby offering to Accredited Investors 300 Class A Membership Units at an offering price of $12,000 per Unit, less any applicable discounts. See **UNIT DISOCUNTS**. The current members of the Company are eighty-seven (87) entities holding a total of one hundred thirty-three (133) Class A Units and the four (4) Operational Managers of the Company, currently holding forty-eight (48) Class B Units. The 133 Class A Units were purchased in calendar year 2004 for ten thousand dollars ($10,000) per Unit. Four (4) of the Class B Units were sold to the Operational Managers in 2004 at a price of $2,750 per Unit to provide existing capital of $11,000, less startup costs incurred to date. Forty-four (44) Class B Units have been issued to Operational Managers as non-cash compensation for their managerial activities undertaken on the Company's behalf to-date. In addition to the forty-eight (48) Class B Units already distributed, an additional forty-six (46) Class B Membership Units remain undistributed, residing in a Manager Compensation Contingencies Fund, to be used as non-cash compensation to fulfill contractual obligations with the Operational Manager team through calendar year 2011. See **MANAGER COMPENSATION.**

A minimum purchase of one (1) Unit by each investor (minimum investment of $12,000, less any applicable discounts – See **UNIT DISCOUNTS**.) will be required. Subscribers will be required to submit one hundred percent (100%) of the net purchase price of the Units to the Company along with the completed Subscription Documents.

The Company may elect, at its discretion, to accept subscriptions. Each Unit issued in this offering is to be comprised of a capital contribution of $12,000 (less any applicable discounts – See **UNIT DISCOUNTS**) which will represent a minimum pro rata ownership interest in the Company's capital, profits, losses and distribution of 0.21% (based on a total of 481 Class A and Class B Units). The actual percentage will be determined by the final number of Units subscribed in this offer combination with the Company's current issued Class A and Class B Units of 181. See **SUMMARY OF COMPANY OPERATING AGREEMENT**. The assignment or other transfer of Units is significantly restricted under the Company's Operating Agreement, the Illinois LLC Act and regulations of the SEC and the Internal Revenue Service. See **FEDERAL INCOME TAX CONSIDERATIONS**.

Offering Price

The $12,000 per Unit purchase price (less any applicable discount – See UNIT DISCOUNTS) has been established by the Company based on its estimate of Company capital and expense requirements and not based on perceived market value, book value, or other established criteria. The Company's Combined Financial statements were audited in the calendar year 2004, that audit is attached. See **EXHIBIT E**. The financials were consolidated in calendar year 2005, and those financial statements are attached. See **EXHIBIT F**. The Company's financial statements were also consolidated for calendar year 2006, and those financial statements are also attached. See **EXHIBIT G**. Per our normal operational procedures, existing Unit holders will also be provided copies of the all financial reports. There can be no assurance that the value of the Units are equal to the offering price. The Units may have a value significantly less than the offering price and there is no guarantee that the Units will ever obtain a value equal to or greater than the offering price. See **RISK FACTORS—No Audited Financial Statements.**

UNIT DISCOUNTS: This offer sets out two (2) possible discounts to deducted from the net Unit contribution required per subscribed Unit.

Member Discount: Holders of record of Class A Units in the Company as of January 1, 2007, can receive a discount of one thousand dollars ($1,000.00) per Unit, for all Class A Units purchased through this offer. This discount will be deducted from the net per-Unit purchase price, in calculating the required total capital contribution at the time of subscription. There is no limit on the number of Units that can be purchased under this discount provision, and also no limit on the number of times that this discount may be employed during the offering period. In addition, this discount can be combined with the Multi-Unit Discount, if the purchase meets the eligibility requirements for that discount provision. All Units purchased under this provision must be purchased by the same entity of record holding the Units in the Company as of January 1, 2007, and any Unit(s) purchased utilizing this discount must be held a minimum of twelve months from the date of subscription, before any changes in ownership will be approved.

Multi-Unit Discount: Any Units purchased in quantities of five (5) or more per single subscription, will receive a discount of five hundred dollars ($500).00 per Unit purchased. This discount will be deducted from the net per-Unit purchase price, in calculating the required total capital contribution at the time of subscription. To qualify for this discount, the Units must be purchased on a single subscription, and by a single entity. Units purchased previously, or subsequently, either in this or previous offer(s), will not be counted in the calculation of the required purchase quantity of five (5), nor will they be eligible to receive any per-Unit discounts as a result of this discounted purchase. For the purpose of the eligibility for discount, all purchases stand alone. However, there is no limit to the number of Units that can be purchased under this discount provision, and there is no limit on the number of times that this discount can be employed during the current offer, as long as subsequent purchases meet the qualifications for receiving the discount. This discount can be combined with the Member Discount, if the purchaser meets the eligibility requirements under that provision.

Expiration Date

The Subscription Offer will expire at 5:00 p.m., Central Standard Time, on April 30, 2007 unless extended by the board of managers of the Company in its sole discretion (the "Expiration Date"). The Company reserves the right to extend the subscription deadline to as late as August 30, 2007.

Method of Subscribing

Subscription to the Company's Units offered hereby may be exercised by completing and signing a subscription agreement (distributed separately) and related documents in accordance with this Private Placement Memorandum, and mailing or delivering such subscription agreement and related documents to a member of the board of managers of the Company or mailing such subscription agreement and related documents to the Company.

Payment of the full subscription price (net of any applicable discounts – See **UNIT DISCOUNTS**) for all Units subscribed must be made by check, bank draft or money order payable to the order of South American Soy, LLC upon submission of a subscription agreement to the Company. The Company will provide assistance, if desired, in wire-transfer of funds to the Company. By executing and submitting a subscription agreement and required funds, each subscriber agrees to be bound by all the terms and conditions thereof.

All subscriptions are subject to acceptance by the Company and may be rejected by the Company in its sole discretion.

Delivery of Certificates

Certificates for the Units subscribed for pursuant to this offering will be issued to subscribers after payment of funds to the Company in accordance with the terms of the Company's Operating Agreement. Unless specified otherwise, certificates for any subscription signed by more than one subscriber will be issued to the subscribers as Joint Tenants, with full rights of survivorship. The certificates will be imprinted with a conspicuous legend stating that the Units have not been registered under the Securities Act and referring to the restrictions on transferability and sale of the Units. The Company may also place a stop-transfer order or otherwise take appropriate action to enforce such restrictions. See **RESTRICTIONS ON TRANSFER OF UNITS**.

Plan of Distribution

No underwriters or broker-dealers will be involved in the distribution or sale of the Company's Units. The Units will be offered through management's selling efforts, and no commission, finder's fees or other remuneration will be paid to any parties in connection with the sale of the Units.

CAPITALIZATION

Principal Members

The following table sets forth as of January 1, 2007 certain information with respect to ownership of Class B Units by the Company's managers and by all managers of the Company as a group and by all persons known to the Company who beneficially own in excess of 5% of the Company's Class B Units. These persons purchased four (4) of the indicated Units prior to the Company's first offer at an average price of $2,751 per Class B Unit. These persons received a total of forty-four (44) additional Units as non-cash compensation as outlined in their individual management contracts. See **MANAGEMENT COMPENSATION** and **DILUTION**. Unless otherwise indicated, all of the persons have sole voting and investment power with respect to the Class B Units they beneficially own.

CLASS B UNITS BENEFICIALLY OWNED		
Managers	**Number of Units**	**Approximate Percentage of Total Units Prior to Offering**
Philip K. Corzine	19	10.5%
Kent Sorrells	11	6.1%
Brad Glenn	8	4.4%
Neige Caiapo	10	5.5%

ALL UNITS BENEFICIALLY OWNED			
Owner	Class A or B	Number of Units	Approximate Percentage of Total Prior to Offering
Philip K Corzine	B	19	10.5%
Kent Sorrells	B	11	6.1%
Brad Glenn	B	8	4.4%
Neige Caiapo	B	10	5.5%
Class A Members	A	133	73.5%

Manager Unit Purchase

The Operational Managers of the Company may purchase Class A Units, for $12,000 per Unit less any applicable discounts (See **UNIT DISCOUNTS**), made available through this offering. The following table sets forth the ownership of Class A and Class B Units by the Company's managers and by all managers as a group, after the closing of this offering and assuming that no Class A Units are purchased by the managers. The table indicates the relative influence of each manager in his or her role as a member over the actions of the Company.

UNITS BENEFICIALLY OWNED UPON COMPLETION OF THIS OFFERING		
	Total Number Of Class B Units	**Percentage of Total Class A and Class B Units Upon Completion of Offering**
Current Unit Holders in Company		**Maximum (300 new, 481 Total Units)**
Philip K. Corzine	19	4.0%
Kent Sorrells	11	2.3%
Brad Glenn	8	1.7%
Neige Caiapo	10	2.1%
Class A Members, First Offer	133	27.7%

DILUTION

As of January 1, 2007, the Company had outstanding, 48 Class B Units and 133 Class A Units, or a total of all Units of 181. The Company's 2006 Combined Financial Statements, as prepared by Kerber, Eck & Braeckel, showed member equity at 12/31/06 is $1,045,258, or a net per Unit book value of $5,775. This estimated net tangible book value per Unit as of January 1, 2007 represents total tangible assets as of that date, divided by the number of Units outstanding, and values all real estate at purchase value. The offering price of $12,000 per Class A Unit (less any applicable discounts – See **UNIT DISCOUNTS**) substantially exceeds the net tangible book value per Unit of our outstanding Units. Therefore, all current Unit holders will realize an immediate increase of $3,883 in the pro forma net tangible book value of each of their Units held prior to this offering if the maximum number of Units is sold at the maximum net average price per Unit. Assuming that the maximum number of Units are sold (300) at an average price of $12,000 per Unit (i.e. no discounts are applied), and this capital is applied to the Company's 12/31/06 book value, the Company's pro forma book value after that transaction is $4,645,258, or approximately $9,658 per Unit.

An investor purchasing Units in this offering will receive Units diluted by the prior purchase of Class A and B Units by purchasers during our seed and first capital offerings. We sold four (4) Class B Units to our Operational Managers at an adjusted price of $2,750 per Unit, and we issued an additional 44 Class B Units at $0 per Unit as non-cash compensation for activities undertaken on the Company's behalf to-date. During our first capital offering, we sold 133 Class A Units for $10,000 per Unit. We believe that this pricing and distribution mechanism accurately reflects the additional risk taken by seed and first-round capital investors. The presence of these previously sold Units will dilute the relative ownership interests of the Units sold in this offering because these earlier investors received a relatively greater share of our equity for less consideration than investors are paying for Units issued in this offering.

We could be forced to issue warrants to purchase Units to a lender in connection with our debt financing plan. If we sell additional Units or warrants to purchase additional Units, the sale or exercise price could be higher or lower than what investors are paying in this offering. If we sell additional Units at a lower price, that sale could lower the value of an existing investor's Units.

Dilution in Percentage Ownership of the Company

The Company issued four (4) Class B Units at a price of $2,750 per Unit and an additional forty-four (44) Class B Units were issued at zero ($0) cost to Operational Managers as non-cash compensation for activities undertaken on the Company's behalf to date. During our first capital offering, we sold 133 Class A Units at a price of $10,000 per Unit. As of January 1, 2007, a total of eleven thousand dollars ($11,000) in cash had been received by the Company in the sale of four (4) and distribution of forty-four (44) or a total of forty-eight (48) Class B Units, for an average price per Class B Unit issued of approximately $229 per Unit. Also in calendar year 2004, the Company received a total of one million, three hundred thirty-three thousand dollars ($1,330,000) in the sale of one hundred thirty-three (133) Units, for an average price per issued Class A Unit of $10,000 per Unit. In total, as of January 1, 2007, the Company has taken in one million three hundred forty-one thousand dollars ($1,341,000), through the sale of a total of one hundred eighty-one (181) Units, for an average per Unit price of $7,409 per Unit. This price is substantially less than the per Unit price offered in this offering and purchasers in this offering will realize immediate dilution in the value of their Units as a result. The following table illustrates the pro forma dilution in value of a new investor's equity in a Unit as of January 1, 2007, based on a total of 481 Units outstanding (if the maximum number of Units were sold, and sold at an average per-Unit price of $12,000). Further dilution will occur in future years from the distribution of additional Class B Units as non-cash managerial compensation. See **MANAGEMENT COMPENSATION.** We have incurred various expenses in preparation for this offering and expect to incur additional such expenses. For purposes of this calculation, offering expenses beyond those reflected in the pro forma book value of the Class A and B Units have been disregarded.

	Maximum Offering/Maximum Price Per Unit
Net Tangible book value of Company prior to offering[8]	**$1,045,258**[9] [10]
Net tangible book value per Class A & B Units on 1/1/2007	**$5,775**
Pro forma net tangible book value of Company after offering (based on the issuance of Units at $12,000 per Unit)	**$4,645,258**
Net tangible book value per Class A and Class B Unit after offering ($4,645,258 / 481 Units)	**$9,658**
Increase in pro forma book value per Class A and Class B Unit to the original members ($9,658 - $5,775)	**$3,883**
Immediate dilution per Unit to a new investors ($12,000 - $9,658)	**($2,342)**[11]

[AGAIN, NEED TO ADDRESS FOOTNOTE ISSUES]

SUMMARY OF COMPANY OPERATING AGREEMENT

The rights and obligations of the members of the Company are governed by the Company Operating Agreement executed by each member. A copy of the Company's Operating Agreement is attached hereto as Exhibit C. Prospective investors must agree to the terms of the Operating Agreement to become a member of the Company. Each prospective buyer should invest his or her money in the Units offered hereby only after carefully studying the Operating Agreement it its entirety. The following is a brief summary of some of the terms and provisions of the Operating Agreement under which the Company will be governed. This summary is qualified in its entirety by reference to the full text of the Operating Agreement, and in the event of a conflict or apparent conflict between this summary and the full text of the Operating

[9] As of 12/31/2006, based on the 2006 Combined Financial Statements as prepared by Kerber, Eck & Braeckel

[10] Real estate investments valued at purchase cost, rather than market values. See the Business Plan, EXHIBIT A, for the appraised values of the real estate properties.

[11] Assumes 300 new Class A units sold with no discounts @ $12,000 per unit (see **UNIT DISCOUNTS**),

Agreement, the Operating Agreement will control. Capitalized terms in this section that are not otherwise defined are to be given the definitions assigned to them in the Operating Agreement.

Offices

The principal business office of the Company is 1414 N. 2400 E. Rd., Assumption, Illinois 62510. The board may establish additional places of business for the Company when and where required by the business of the Company.

The registered office of the Company is the office of the initial registered agent named in the Articles of Organization. The registered agent of the Company is the initial registered agent named in the Articles of Organization or another Person selected by the board from time to time.

Meetings

Meetings of the members are held not less frequently than annually at such time as is determined by the board of managers for the purpose of the transaction of such business as may come before the meeting. Special meetings of members of the Company may be called by the board, or by member(s) holding thirty percent (30%) of the outstanding percentage interests and are expected to be held at the principal place of business of the Company, or elsewhere as the notice of such meeting directs. Members may attend any such meeting in person or attend by proxy.

Unless otherwise provided in the Operating Agreement, written notice stating the date, time and place of the meeting and a description of the purpose or purposes for which the meeting is called will be mailed, e-mailed or faxed, unless oral notice is reasonable under the circumstances, not fewer than seven (7) nor more than sixty (60) calendar days before the date of the meeting, by or at the direction of the board of managers to each member of record entitled to vote at the meeting.

Members holding at least thirty percent (30%) in interest represented in person or by proxy will constitute a quorum at any meeting of members. Each member will have a Membership Voting Interest, which means that as to any matter to which the member is entitled to vote or as may be required under the Illinois LLC Act, the right to one (1) vote for each Unit registered in the name of such member.

Voting by Members

Each member is entitled to cast one vote, in person or by proxy, for each Unit owned on any matter properly presented for approval by the members. For example, at each election of managers, every member entitled to vote at such election has the right to vote, in person or by proxy, the number of those Units owned by him or her for those manager seats to be filled by such election corresponding to those Units as designated by class. The only exception to this is the right of any Class A Unit holder holding one-hundred (100) or more Units to designate an additional member of the board of managers. Currently, no holders hold one-hundred (100) or more Units.

Rights and Obligations of Members

Each member’s liability is limited as set forth in the Operating Agreement, the Illinois LLC Act and other applicable law. A member will not be personally liable for any debts or losses of the Company beyond his respective capital contributions and any obligation to make additional capital contributions as set forth in the Operating Agreement, except as provided in the Operating Agreement or as otherwise required by law.

The dissolution and winding up of the Company requires the approval of the board of managers and members holding seventy percent (70%) of the membership interests or the entry of a decree of judicial dissolution pursuant to the Illinois LLC Act. The members holding seventy percent (70%) of the membership interests further have the right to approve the following actions: (a) the sale, exchange or other disposition of all, or substantially all, of the Company's assets (other than in the ordinary course of the Company's business) which is to occur as part of a single transaction or plan; and (b) the merger or consolidation of the Company with another entity.

No member has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company or to incur any expenditure on behalf of the Company. Except by transfer of interests in accordance with Article VIII of the Operating Agreement, no member has the right to withdraw from the Company as a member. No member will have a preemptive right to acquire any Units or other interest in the Company. Each of the members irrevocably waives to the extent permitted by law, all rights to trial by jury in any action, proceeding or counterclaim arising out of or relating to ownership of the Company.

Member Liability to the Company

A member who rightfully receives the return in whole or in part of its contribution is nevertheless liable to the Company only to the extent now or hereafter provided by the Operating Agreement and the Illinois LLC Act.

Management

The board directs, manages and controls the business of the Company. Except for situations in which the approval of the members is expressly required by the Operating Agreement or by non-waivable provisions of applicable law, the board has full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

However, the board must obtain the approval of the members of the Company with respect to those issues requiring approval of the members under the Illinois LLC Act or as set forth in the Operating Agreement.

The Company's Operating Agreement currently provides that the board of managers will be comprised of between three (3) and seven (7) members, who are to be elected annually except for those that are appointed as described below. The current number of managers is six, two holding Class A Units and elected for three year alternating terms by Class A Unit holders, and four members holding Class B Units, elected annually by Class B Unit holders.

Any Class A member who holds one hundred (100) or more Class A Units is entitled to appoint one (1) manager. A manager appointed by a Class A Unit holder under this section will serve indefinitely at the pleasure of the Class A Unit holder appointing him or her. In the event that the Company accepts subscriptions for the purchase of Units from more than one (1) person who would each be entitled to appoint a manager pursuant to the above, the number of managers will be increased to accommodate those appointment rights. Regardless of the number of managers, the Class B Unit holders elect four (4) managers and Class A Unit holders not holding one hundred (100) or more Units elect two (2) Unit holders. There currently is no Class A Unit holder holding one hundred (100) or more Class A Units.

The board's power and authority includes, but is not limited to, the right to take the following actions on behalf of the Company: (a) to borrow money for the Company from banks, other lending institutions, members, affiliates, or other third persons on such terms as the board deems appropriate; (b) to designate an officer, employee, or agent to be responsible for the daily and continuing operations of the business affairs of the Company; (c) to purchase or otherwise acquire real or personal property and to hold and own any Company real and/or personal properties in the name of the Company; (d) to initiate, prosecute, defend, settle, compromise, or dismiss lawsuits or other judicial or administrative proceedings brought on or in behalf of, or against, the Company, the board or the members in connection with the activities arising out of, connected with, or incident to the business of the Company, and to engage counsel or others in connection therewith; (e) invest any Company funds (by way of example but not limitation) in time deposits, short-term government obligations, commercial paper or other investments, which such investments will be in the name of the Company; (f) to contract on behalf of the Company for the provision of services or goods by vendors, employees and/or independent contractors, including lawyers and accountants, and to delegate to such persons the duty to manage or supervise any of the assets or operations of the Company; (g) to ask for, collect, or receive any rents, issues and profits or income from the assets of the Company, or any part or parts thereof, and to disburse Company funds for Company purposes subject to the provisions of the Operating Agreement; and (h) to execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, operating agreements of other limited liability companies, and any other instruments or documents necessary, in the opinion of the board, to the business of the Company.

The board does not, in any way, guarantee the return of the members' capital contributions or a profit for the members from the operations of the Company. The board may not be liable to the Company or to any member for any loss or damage sustained by the Company or any member, unless the loss or damage will have been the result of fraud, deceit, gross negligence, willful misconduct, breach of the Operating Agreement or a wrongful taking by the board.

Indemnity of the Managers

To the maximum extent permitted under the Illinois LLC Act and other applicable law, no member or manager of this Company will be personally liable for any debt, obligation or liability of this Company merely by reason of being a member or manager or both. No manager of this Company will be personally liable to this Company or its members for monetary damages for a breach of fiduciary duty by such manager; provided that this provision will not eliminate or limit the liability of a manager for any of the following: (i) receipt of an improper financial benefit to which the manager is not entitled; (ii) liability for receipt of distributions in violation of the articles of organization, operating agreement, or the Illinois LLC Act; (iii) a knowing violation of law; or (iv) acts or omissions involving fraud, bad faith or willful misconduct. To the maximum extent permitted under the Illinois LLC Act and other applicable law, the Company, its receiver, or its trustee (in the case of its receiver or trustee, to the extent of Company Property) will indemnify, save and hold harmless, and pay all judgments and claims against each manager relating to any liability or damage incurred by reason of any act performed or omitted to be performed by such manager in connection with the business of the Company, including reasonable attorneys' fees incurred by such manager in connection with the defense of any action based on any such act or omission, which attorneys' fees may be paid as incurred, including all such liabilities under federal and state securities laws as permitted by law. To the maximum extent permitted under the Illinois LLC Act and other applicable law, in the event of any action by a Unit holder against any manager, including a derivative suit, the Company will indemnify, save harmless, and pay all costs, liabilities, damages and expenses of such manager, including reasonable attorneys' fees incurred in the defense of such action. Notwithstanding the foregoing provisions, no manager will be indemnified by the Company to the extent prohibited or limited (but only to the extent limited) by the Illinois LLC Act.

Capital Accounts and Distributions

A capital account exists for each member on the books of the Company and is maintained in accordance with Section 1.704-1(b)(2) of the Treasury Regulations. To each member's Capital Account is credited: (i) the cash and the fair market value of any property other than cash contributed by such member to the capital of the Company; (ii) such member's allocable share of Profits, and any items of income or gain which are specially allocated to the member; and (iii) the amount of any Company liabilities assumed by such member which are secured by any property of the Company distributed to such member.

To each member's Capital Account is debited: (i) the amount of cash and the fair market value of any property distributed to such member; (ii) such member's allocable share of losses and any items of expense or loss which are specially allocated to the member; and (iii) the amount of any liabilities of such member assumed by the Company or which are secured by any property contributed by such member to the Company.

Profits and losses of the Company are allocated to the members according to their interests, as adjusted from time to time. The board determines whether to distribute or retain the profits. The board may also agree to distribute cash to the members irrespective of profits.

Transfer of Interests in the Company

An investor's ability to transfer Units is also restricted by the Company's Operating Agreement. Investors may not transfer their Units unless such transfer is made without consideration to or in trust for the investor's spouse or descendants. Investors may transfer their Units to any person or organization only if such transfer has been approved by the Company's managers in accordance with the terms of the Operating Agreement.

A transfer of interest does not entitle the assignee to become or exercise any of the rights of a member unless such transferee is accepted as a new member in accordance with the terms of the Operating Agreement. A transfer of interest will entitle the transferee to receive, to the extent transferred or assigned, only the distributions to which the transferor or assignor would be entitled. A member who voluntarily transfers all of his interest will cease to be a member upon the date of the transfer.

Company Repurchases

From time to time, the board of managers may set aside funds of the Company to be used to repurchase Units from the holders of Class A Units. In that event, the Company shall notify the holders of the Class A Units of the proposed repurchase. Those holders wishing to tender all or part of their Units may then do so under the terms of the repurchase offer. The Company shall accept such tenders up to the amount of the funds designated for the repurchase giving priority to the holders, and their successors, who first subscribed to purchase their Units from the Company.

Dissolution and Winding Up

The dissolution and winding up of the Company requires the approval of the board of managers and seventy percent (70%) of the membership interests or a decree of judicial dissolution. Upon dissolution, the assets of the Company will be distributed as set forth in Article IX of the Operating Agreement.

The winding up of the affairs of the Company and the distribution of its assets will be conducted by an appointee of the board, or by the board itself. Upon the dissolution of the Company, the affairs of the Company are expected to be wound up in accordance with the following procedures. The fair market value of the assets of the Company will be determined, with the value of any real or personal property held, by the Company being determined in accordance with the Operating Agreement. The assets of the Company are expected to be distributed in the following manner and order: (i) to the claims of all creditors of the Company, including members and managers who are creditors, to the extent permitted by law, in satisfaction of liabilities of the Company, other than liabilities for which reasonable provisions for payment have been made; (ii) to members and former members in satisfaction of liabilities for distribution, pursuant to the Illinois LLC Act, and (iii) to the members with positive capital account balances in accordance with their percentage interests. If distributions to any member upon termination of the Company are insufficient to return to such member the full amount of such member's capital contribution, such member will have no recourse against the board of managers, the Company or against any other member.

In the discretion of the board or the board's appointee, a pro rata portion of the distributions that would otherwise be made to the members upon dissolution may be: (i) distributed to a trust established for the benefit of the members for the purposes of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company. The assets of any such trust may be distributed to the members from time to time, in the reasonable discretion of the board or the board's appointee, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the members; or (ii) withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts be distributed to the members as soon as practicable.

Amendments

Upon the affirmative vote of the holders of a majority of the Class A Units outstanding and a majority of the Class B Units outstanding, amendments to the Operating Agreement may be adopted.

FEDERAL INCOME TAX CONSIDERATIONS

The following summary of the material federal income tax considerations relating to the tax treatment of the Units of the Company and its members is based on current law, is for general purposes only, and is not tax advice. We have not obtained a legal opinion regarding the federal income tax consequences of an investment in the Units of the Company.

The summary is not intended to represent a detailed description of the federal income tax consequences applicable to a particular member in view of such member's particular circumstances nor is it intended to represent a detailed description of the federal income tax consequences applicable to certain investors subject to special treatment under the federal income tax laws. The summary is based on current provisions of the Internal Code of 1986, as amended, current and proposed Treasury Regulations, court decisions, and other administrative rulings and interpretations. All of these sources are subject to change, and these changes may be applied retroactively. We cannot provide any assurance that any such changes, future provisions of the Code or other legal authorities will not alter significantly the tax considerations we describe in this summary.

This summary does not discuss all the tax considerations that may be relevant to particular members in light of their personal investment circumstances, or to certain types of members that may be subject to special tax rules. This summary briefly discusses Brazilian tax considerations and does not address state, local or other foreign taxation considerations. Therefore, you are urged to consult your tax advisors regarding the tax consequences to you of owning Units. EACH MEMBER IS ADVISED TO CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, AND LOCAL TAX CONSEQUENCES TO HIM OR HER OF THE PURCHASE, OWNERSHIP AND SALE OF THE UNITS AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAW.

U.S. Federal Income Tax Consequences of Unit Ownership

Tax Status

Single-tax treatment and the ability to make cash distributions to members without incurring an entity level federal income tax depend on the treatment of the Company as a partnership for income tax purposes. We are currently treated as a partnership for federal income tax purposes. This means that we pay no federal income tax and members pay tax on their share of the Company's net income. Under Treasury Regulations known as the "check-the-box" regulations, an unincorporated entity such as a limited liability company generally will be taxed as a partnership unless the entity is considered a publicly traded partnership or the entity affirmatively elects to be taxed as a corporation.

We have not elected to be taxed as a corporation and will endeavor to take steps as are feasible and advisable to avoid classification as a publicly traded partnership. In early 1997, a study of partnership law by the staff of the Congressional Joint Committee on Taxation questioned the legal authority of the Treasury to issue the check-the-box regulations. Although none of the staff's recommendations were enacted into law, Congress has shown no inclination to adopt legislation that would jeopardize the tax classification of the many entities that have acted in reliance on the check-the-box regulations.

If we fail to qualify for partnership taxation for whatever reason, we would be treated as a "C corporation" for federal income tax purposes. As a "C corporation," we would be taxed on our taxable income at corporate rates. Currently the maximum federal corporate rate is thirty-five percent (35%). Distributions to our members would generally be taxed again against members as corporate dividends, but members would not be required to report their share of the Company's income, gains, losses, deductions or credits on their tax returns. Because a tax would be imposed upon the Company as an entity, the cash available for distribution to members would be reduced by the amount of tax paid which could cause a reduction in the value of the Units.

Publicly Traded Partnership Rules

To qualify for taxation as a partnership, we must not be treated as a publicly traded partnership under Section 7704 of the tax code. Generally, the tax code provides that a publicly traded partnership will be taxed as a corporation. The tax code defines a publicly traded partnership as a partnership which has 100 or more partners and whose interests are traded on an established securities market, or are readily tradable on a secondary market (or the substantial equivalent). Although there is no legal authority on whether a limited liability company is subject to these rules, it is probable that we are subject to the publicly traded partnership rules because we have elected to be classified and taxed as a partnership.

We will seek to avoid being treated as a publicly traded partnership. Under Section 1.7704-1 of the Treasury Regulations, interests in a partnership are not considered traded on an established securities market or readily tradable on a secondary market unless the partnership participates in the establishment of the market or the inclusion of its interests in a market, or the partnership recognizes any transfers made on the market by redeeming the transferor partner's interests or admitting the transferee as a partner.

We do not intend to list the Units on any stock exchange or the NASDAQ Stock Market, nor will we provide any information to broker-dealers that would enable broker-dealers to trade Units under Rule 15c2-11 of the Securities Exchange Act of 1934, as amended.

Tax Treatment of the Company's Operations

Use of Calendar Year

Because we are taxed as a partnership, we have our own taxable year separate from the taxable years of our members. Unless a business purpose can be established to support a different taxable year, a partnership must use the "majority interest taxable year" which is the taxable year that conforms to the taxable year of the holders of more than fifty percent (50%) of our membership interests. In our case, we believe the majority interest taxable year is the calendar year (i.e., fiscal year ending December 31). Although we will consider applying for a nonconforming taxable year, you should assume that we will be required to use the calendar year.

Flow-Through of Taxable Income or Loss

Each member is required to report on his or her income tax return for his taxable year, which or within which ends our taxable year, his distributive share of the income, gains, losses, deductions and credits of the Company without regard to whether corresponding cash distributions are received. To illustrate, if you were a member for the entire calendar year 2004 and you use a calendar year for individual income tax reporting purposes, you would report your share of the Company's 2004 taxable income or loss on your income tax return for the year 2004 (to be filed by April 15, 2005). If you use June 30 fiscal year you would report your share of the Company's 2004 taxable income or loss on your income tax return for the fiscal year ending June 30, 2005. We provide each member with an annual Schedule K-1 showing the member's share of our annual income, gains, losses, deductions and credits and their separately stated components within a reasonable period of time after the end of each calendar year.

Tax Treatment of Distributions

Distributions to a member generally will not be taxable to the member for federal income tax purposes as long as distributions do not exceed his basis in his Units immediately before the distribution. Cash distributions in excess of basis -- which are considered unlikely -- are treated as gain from the sale or exchange of the Units under the rules described below for Unit dispositions.

Initial Tax Basis of Units and Periodic Basis Adjustments

Under Internal Revenue Code Section 722, a member's initial basis in his or her Units in the Company will be equal to the sum of the amount of money and the contributor's adjusted basis of any property contributed to the Company. This amount is generally increased by the member's share of the Company's debt. Since members are only contributing cash, each member's initial basis in this Company should be equal to the amount of his subscription plus the member's share of the Company's debt.

A member's initial basis will be increased to reflect the member's distributive share of the Company's taxable income and tax-exempt income, amounts attributable to depletion (not likely to be relevant), and any increase in a member's share of the Company's debt. If a member makes additional capital contributions at any time, the adjusted basis in his Units is increased by the amount of any cash contributed or the adjusted basis in any property contributed. A member's basis in his Units will be decreased, but not below zero, by

- The amount of any cash distributed to the member;
- The basis of any other property distributed;
- The amount of depletion deductions;
- The member's distributive share of losses and nondeductible expenditures of the Company that are "not properly chargeable to capital account"; and
- Any reduction in that member's share of the Company's debt.

The calculations are complex for determining basis in Units. A member is only required to compute basis if the computation is necessary to determine his tax liability but accurate records should be maintained. Typically, basis computations are necessary at the following times:

- The end of a taxable year during which the Company suffered a loss, for the purpose of determining the deductibility of the member's share of the loss;
- Upon the liquidation or disposition of a member's interest; and
- Upon the nonliquidating distribution of cash or property to a member, in order to ascertain the basis of distributed property or the taxability of cash distributed.

Except in the case of a taxable sale or liquidation of the Company, exact computations usually are not necessary. For example, a member who regularly receives cash distributions that are less than or equal to his share of the Company's taxable income will have a positive basis in its Units at all times. Consequently, no computations are necessary to demonstrate that cash distributions are not taxable to him under tax code Section 731(a)(1). The purpose of the basis adjustments is to keep track of a member's "tax investment" in the Company with a view toward preventing double taxation or exclusion from taxation of income items upon ultimate disposition of the Units.

Deductibility of Losses; Passive Loss Limitations

In general, a member may deduct losses allocated to him, subject to a number of restrictions. Those restrictions include a general rule that losses cannot be deducted if they exceed a member's basis in his Unit nor to the extent they exceed the member's at-risk amount. These specific restrictions are not likely to impact the members of the Company. However, if we incur a taxable loss or if taxable income is insufficient to cover interest expense on our related borrowing, the passive activity loss deduction rules are likely to have widespread effect. Tax code Section 469 substantially restricts the ability of taxpayers to deduct losses from passive activities. Passive activities generally include activities conducted by pass-through entities, such as the Company and other partnerships, limited liability companies or S corporations, in which the taxpayer does not materially participate. Generally, losses from passive activities are deductible only to the extent of the taxpayer's income from other passive activities. Passive activity losses that are not deductible because of these rules may be carried forward and deducted against future passive activity income or may be deducted in full upon disposition of a member's entire interest in the Company to an unrelated party in a fully taxable transaction.

It is important to note that "passive activities" do not include dividends and interest income that normally are considered to be "passive" in nature; nor do they include farming or other business operations in which the taxpayer is a material participant.

Members may have borrowed funds to purchase their equity interest in the Company and have been deducting the interest expense. This interest expense will be aggregated with other items of income and loss from passive activities and subjected to the passive activity loss limitation. To illustrate, if a member's only passive activity is the Company, and if the Company incurs a net loss, no interest expense on related borrowing would be deductible. If that member's share of the Company's taxable income is less than the related interest expense, the excess would be nondeductible. In both instances, the disallowed interest would be suspended and would be deductible against future passive activity income or upon disposition of the member's entire interest in the Company to an unrelated party in a fully taxable transaction.

Alternative Minimum Tax

All investors should consult their own tax advisors regarding any alternative minimum tax issues applicable to investing in and owning the Units.

Partnership Allocations

The general rule under Section 704(a) of the Code, is that a "partner's distributive share of income, gain, loss, deduction, or credit ... shall be determined by the partnership agreement." However, Section 704(b) provides an exception to this general rule, stating that a "partner's distributive share of income, gain, loss, deduction, or credit ... shall be determined in accordance with the partner's interest in the partnership (determined by taking into account all facts and circumstances), if the allocation to a partner under the agreement . . . does not have substantial economic effect."

Current case law and Treasury Regulations § 1.704-1(b)(2) provide that in determining whether a special allocation has substantial economic effect, the principal consideration is whether the allocation may actually affect the dollar amount of partners' shares of total partnership income or loss independently of tax consequences.

In general, the Treasury Regulations under Section 704(b) of the Code provide that an allocation will have economic effect only if, throughout the term of the partnership, (1) such allocation is reflected by an appropriate capital account adjustment; (2) liquidation proceeds are to be distributed in accordance with partners' positive capital accounts; and (3) any partner with a capital account deficit following the distribution of liquidation proceeds is required to restore such deficit to the partnership for distribution to partners with positive capital accounts or for payment to creditors

The Treasury Regulations also provide an alternate test for economic effect if a partner is not obligated to restore a negative balance in such partner's capital account or is obligated to restore only a limited amount. The alternate test is met where, throughout the term of the partnership (1) allocations must be reflected by an appropriate capital account adjustment; (2) liquidation proceeds are to be distributed in accordance with partners' positive capital accounts; (3) a partner is not obligated to restore the deficit balance of such partner's capital account or is obligated to restore only a limited dollar amount; and (4) the partnership agreement contains a "qualified income offset" provision. If these requirements are satisfied, an allocation will have economic effect as long as such allocation does not result in a deficit balance in a partners' capital account in excess of the amount such partner is obligated to restore to the capital of the partnership. In determining the balance of a partner's capital account for purposes of the alternate test, such partner's year-end capital account balance should be adjusted to reflect distributions in excess of increases to such partner's capital account balance that are reasonably anticipated to occur at the same time as such distributions.

An allocation has economic effect that is "substantial" under the Treasury Regulations if the allocation (1) does not shift tax consequences among partners within a single year, (2) is not transitory over time, and (3) passes an "overall substantiality" test. The overall substantiality test is met if, at the time an allocation is agreed to, there is a strong likelihood that at least one partner on a present value basis, will, suffer a substantial after-tax economic detriment from the allocation compared to what such partner's economic outcome would be if the allocation were not contained in the partnership agreement.

The Treasury Regulations provide that if an allocation fails the substantial economic effect test, it will nevertheless be honored if it is consistent with the partner's interests in the partnership; otherwise, it will be adjusted so as to be consistent with the partner's interests in the partnership. Under the regulations, a partner's interest in the partnership is to be determined in accordance with the underlying economic arrangement of the partners, taking into account the partners' relative contributions to the partnership, their interests in economic profits and losses, taxable income or loss and cash flow and other distributions, and their rights to distributions upon liquidation.

Under the Treasury Regulations, partnership allocations of partnership deductions attributable to partnership nonrecourse debt for which no partner or related person bears the economic risk of loss, ("Non-recourse Deductions") will be recognized if the following requirements are satisfied: (1) capital accounts must be maintained and liquidation proceeds distributed in accordance with capital account balances; (2) allocations of Non-recourse Deductions must be made in a manner that is reasonably consistent with allocations, which have substantial economic effect, of some other significant partnership item attributable to the partnership property securing the non-recourse debt, other than the allocation of "minimum gain" (as defined below); (3) the partnership agreement must contain a "minimum gain chargeback" provision (as defined below); (4) partners with deficit capital account balances have an unconditional deficit restoration obligation or agree to a qualified income offset; and (5) all other material partnership allocations or capital account adjustments must be recognized under the Treasury Regulations. Partnership allocations of partnership deduction attributable to non-recourse debt that is guaranteed by a General Partner ("Partner Non-recourse Debt") shall be specifically allocated to the General Partner that bears the economic risk of loss with respect to that debt.

Deductions, to the extent of any increase in partnership minimum gain, will constitute Non-recourse Deductions. Partnership minimum gain generally is an amount of gain equal to the excess of non-recourse liabilities secured by partnership property over the adjusted tax basis of such partnership property allocated to said liabilities. Each partner's share of partnership minimum gain is equal to the sum of the Non-recourse Deductions allocated to such partner and the proceeds of non-recourse debt distributed to such partner. Under the Agreement and the alternate text for economic effect, allocations of minimum gain to a partner will allow a partner to deduct losses greater than the amount of its capital contribution, regardless of the existence or absence of a deficit restoration provision. The minimum gain chargeback requires that, if a net decrease in partnership minimum gain occurs during a taxable year, Partners shall be specifically allocated items of income or gain in accordance with Treasury Regulations § 1.704-2(f)(i) in proportion to their shares of such net decrease in minimum gain.

Partner Non-recourse Debt minimum gain is an amount, with respect to each Partner Non-recourse Debt, equal to the partnership minimum gain that would result if such Partner Non-recourse Debt were treated as a non-recourse liability of the partnership. The amount of Partner Non-recourse Deductions with respect to a Partner Non-recourse Debt for a taxable year equals the net increase during the year in Partner Non-recourse Debt minimum gain, reduced (but not below zero) by proceeds of the liability distributed during the year to the partner bearing the economic risk of loss that are both attributable to the liability and allocable to an increase in the Partner Non-recourse Debt minimum gain. If there is a net decrease in Partner Nonrecourse Debt minimum gain attributable to such Partner Non-recourse Debt, a Partner Non-recourse Debt minimum gain chargeback shall be specifically allocated to the partner for which the debt constitutes Partner Non-recourse Debt.

In determining the amount of partnership minimum gain, the adjusted basis of partnership property subject to two or more liabilities of equal priority must be allocated among such liabilities in proportion to the respective outstanding balances of such liabilities, and the adjusted basis of partnership property subject to two or more liabilities of unequal priority must be allocated to any such liability only to the extent of the excess, if any, of the adjusted tax basis of such property over the aggregate outstanding balance of the liabilities of superior priority.

Partnership deductions attributable to Partner Non-recourse Debt constitute Partner Non-recourse Deductions. Partner Non-recourse Deductions shall be specifically allocated to the partner who bears the economic risk of loss with respect to the Partner Non-recourse Debt to which such Partner Non-recourse Deductions are attributable in accordance with Treasury Regulation §1.704-2(i)(1).

Taxable Income and Actual Net Income Difference

New amendments to the federal tax code might allow us to take a sizable, accelerated form of depreciation for an investment in equipment used in the farming operation, however, this has not occurred as of the date of this Memorandum. If we determine that this form of depreciation is available, the depreciation on this equipment would be taken in the first year of service or use of such equipment. This form of depreciation could cause us to have a lower taxable income figure than our actual net income determined under generally accepted accounting principles for the particular period in which the accelerated depreciation deductions are claimed for tax reporting purposes. The reverse could be true in subsequent years because the use of accelerated depreciation deductions in the first year reduces the amount of depreciation deductions in subsequent years for tax reporting purposes. As a result, the taxable income figure will not be representative of actual income or cash available for distributions to members.

<u>Tax Consequences of Transfer of Units</u>

Recognition of Gain or Loss

Gain or loss will be recognized on a sale of Units equal to the difference between the amount realized and the member's basis in the Units sold. Amount realized includes cash and the fair market value of other property received plus the member's share of the Company's debt. Because of the inclusion of debt in basis, it is possible that a member could have a tax liability on sale that exceeds the proceeds of sale. While this result is common in "tax shelters," it is quite unlikely in the case of a typical business operation such as the Company's having no significant indebtedness.

Gain or loss recognized by a member on the sale or exchange of a Unit held for more than one year generally will be taxed as long-term capital gain or loss. A portion of this gain or loss, however, will be separately computed and taxed as ordinary income or loss under tax code Section 751 to the extent attributable to depreciation recapture or other "unrealized receivables" or "substantially appreciated inventory" owned by us. We will adopt conventions to assist those members that sell Units in apportioning the gain among the various categories.

Allocations and Distributions Following Unit Transfers

If any Unit is transferred during any accounting period in compliance with the provisions of Article VIII of the Operating Agreement, then solely for purposes of making allocations and distributions, we expect to use an interim closing of the books method, rather than a daily proration of profit or loss for the entire period, and the convention that recognizes the transfer as of the beginning of the month following the month in which the notice, documentation and information requirements of Article VIII have been substantially complied with. All distributions on or before the end of the calendar month in which these requirements have been substantially complied with will be made to the transferor and all distributions thereafter will be made to the transferee. However, we have the authority to adopt any other reasonable method or convention.

Effect of Tax Code Section 754 Election on Unit Transfers

The adjusted basis of each member in his Units ("outside basis") initially will equal his proportionate share of the adjusted basis of the Company in its assets ("inside basis"). Over time, however, it is probable that changes in asset values and adjustments attributable to cost recovery deductions will cause the value of a Unit to differ materially from the member's proportionate share of the inside basis.

Section 754 of the tax code permits a partnership to make an election that allows a transferee who acquires a Unit either by purchase or upon the death of a member to adjust his share of the inside basis to fair market value as reflected by the Unit price in the case of a purchase or the estate tax value of the Unit in the case of an acquisition upon death of a member. Once the amount of the transferee's basis adjustment is determined, it is allocated among the Company's various assets pursuant to tax code Section 755. A Section 754 election is beneficial to the transferee when his outside basis is greater than his proportionate share of the entity's inside basis. In this case, a special calculation is made solely for the benefit of the transferee that will determine his cost recovery deductions and his gain or loss on disposition of limited liability company property by reference to his higher outside basis. The Section 754 election will be detrimental to the transferee if his outside basis is less than his proportionate share of inside basis.

Tax Code Section 743 (b) provides that the partnership or limited liability company is responsible for making the basis adjustments. However, the Unit transferees are required to report the basis adjustments. Transferees accomplish this by attaching statements to their returns that show how the Section 743 (b) adjustment was determined and how the adjustment was allocated among the various partnership properties. No existing guidance indicates when, i.e. before or after the Schedule K-1, the effect of the basis adjustment to specific partnership items is to be determined or who is required to make and report the adjustments to the partnership items.

Treasury Regulations clarify that partnerships are required to make the basis adjustments. In addition, these regulations place the responsibility for reporting basis adjustments on the entity. The entity reports basis adjustments by attaching statements to its returns when it acquires knowledge of transfers subject to Section 743. In addition, partnerships are required to adjust specific partnership items in light of the basis adjustments. Consequently, amounts reported on the transferee's Schedule K-1 are adjusted amounts.

Transferees are subject to an affirmative obligation to notify partnerships of their basis in acquired interests. To accommodate entity concerns about the reliability of the information provided, partnerships are entitled to rely on the written representations of transferees concerning either the amount paid for the partnership interest or the transferee's basis in the partnership interest under tax code Section 1014, unless clearly erroneous.

Presently, we do not anticipate making a Section 754 election.

IRS Reporting Requirement

Article VIII of the Operating Agreement contains the requirements for a valid transfer of Units, including proper documentation and the Company approval. In addition, the IRS requires a taxpayer who sells or exchanges a Unit to notify the Company in writing within thirty days or, for transfers occurring on or after December 16 of any year, by January 15 of the following year. Although the IRS reporting requirement is limited to "Section 751 (a) exchanges," it is likely that any transfer of a Unit will constitute a Section 751 (a) exchange. The written notice required by the IRS must include the names and addresses of both parties to the exchange, the identifying numbers of the transferor and, if known, of the transferee and the exchange date. The IRS imposes a penalty of fifty dollars ($50) for failure to file the written notice unless reasonable cause can be shown.

Other Tax Matters

Tax Information to Members; Consistent Reporting

We are required to provide each member with a Schedule K-1 (or authorized substitute therefore) on an annual basis. Harsh penalties are provided for failure to do so unless reasonable cause for the failure is established. Each member's Schedule K-1 sets out the holder's distributive share of each item of income, gain, loss, deduction or credit that is required to be separately stated. Each member must report all items consistently with Schedule K-1 or, if an inconsistent position is reported, must notify the IRS of any inconsistency by filing Form 8062 "Notice of Inconsistent Treatment or Administrative Adjustment Request, AAR" with the original or amended return in which the inconsistent position is taken.

IRS Audit Procedures

Prior to 1982, regardless of the size of a partnership, adjustments to a partnership's items of income, gain, loss, deduction or credit had to be made in separate proceedings with respect to each partner individually. Because a large partnership sometimes had many partners located in different audit districts, adjustments to items of income, gains, losses, deductions or credits of the partnership had to be made in numerous actions in several jurisdictions, sometimes with conflicting outcomes.

The Tax Equity and Fiscal Responsibility Act of 1982 established unified audit rules applicable to not all but most partnerships. These rules require the tax treatment of all "partnership items" to be determined at the partnership, rather than the partner, level. Partnership items are those items that are more appropriately determined at the partnership level than at the partner level, as provided by regulations. Since we will be taxed as a partnership, these rules are applicable to us and to our members.

The IRS may challenge the reporting position of a partnership by conducting a single administrative proceeding to resolve the issue with respect to all partners. But the IRS must still assess any resulting deficiency against each of the taxpayers who were partners in the year in which the understatement of tax liability arose. Any partner of a partnership can request an administrative adjustment or a refund for his own separate tax liability. Any partner also has the right to participate in partnership-level administrative proceedings. A settlement agreement with respect to partnership items binds all parties to the settlement.

IRS rules establish the "Tax Matters Partner" as the primary representative of a partnership in dealings with the IRS. The Tax Matters Partner must be a "member-manager" which is defined as a limited liability company member who, alone or together with others, is vested with the continuing exclusive authority to make the management decisions necessary to conduct the business for which the organization was formed. The board of managers will determine the “Tax Matters Partner.”

The IRS generally is required to give notice of the beginning of partnership-level administrative proceedings and any resulting administrative adjustment to all partners whose names and addresses are furnished to the IRS. For partnerships with more than 100 partners, however, the IRS generally is not required to give notice to any partner whose profits interest is less than one percent. After the IRS makes an administrative adjustment, the Tax Matters Partner (and, in limited circumstances, other partners) may file a petition for readjustment of partnership items in the Tax Court, the district court in which the partnerships principal place of business is located, or the Claims Court.

Certain Proposed Federal Income Tax Legislation

A number of items of legislation have been proposed in the past that could significantly alter certain of the federal income tax consequences of an investment in the Company. It currently is uncertain whether any such proposed legislation or similar legislation will be enacted into law. Prospective investors should consult their own tax advisors regarding proposed legislation.

<u>Taxation of the Brazilian Limitada</u>

Brazilian Income Taxes

In Brazil, limited liability companies, or limitadas, are taxed in the same manner as corporations. Therefore, the description above regarding the tax treatment of U.S. limited liability companies has no applicability to limited liability companies established in Brazil. Since we formed a limitada in Brazil for the purpose of raising agricultural products there, Brazilian tax law impacts that operation. The Limitada incurs some or all of the following taxes: corporate income tax, social contribution on net profits, contribution to the employee profit distribution program, federal social security financing tax, excise tax, value-added state tax, provisional financial transactions tax, rural property tax, and other taxes depending upon an entity's activities. Details on the actual taxes the Limitada has incurred over the past two years of operations are available in our financial statements. We understand that certain tax incentives for farming activities, as well as exemptions for export goods exist which may mitigate the cost of taxation. This summary of the tax system in Brazil is necessarily brief since the payment of applicable foreign taxes will be made in Brazil by the foreign limitada as a cost of its operations and each member of the U.S. company will bear his or her proportionate share of this and other operational expenses.

U.S. Income Tax Classification of the Limitada

The Company’s principal asset is its investment in the Limitada. Thus, the U.S. income tax classification of the Limitada effects the taxable income reported to the Company’s investors. The Company utilizes the “check-the-box” regulations described above so that the Limitada is treated as an association taxed as a regular C corporation for U.S. income tax purposes. As such, the income or loss of the Limitada is generally not be reported for U.S. income tax purposes as it is incurred by the Limitada. Instead, the Limitada’s income is only taxable on the Company’s U.S. federal income tax returns as and when it is distributed to the Company, subject to certain special rules regarding possible recognition of income prior to its distribution that are discussed in more detail below. If for any reason the corporate classification for the Limitada is not recognized by U.S. tax authorities, the Limitada could be classified as a partnership, causing current recognition of its income for federal income tax purposes irrespective of whether the Limitada has made any distributions to the Company.

Controlled Foreign Corporations

If a U.S. person, including a U.S. limited liability company, owns at least 10% of the voting interest of a foreign corporation, such U.S. person is considered to be a "U.S. Shareholder" with respect to the foreign corporation. If, in the aggregate, U.S. Shareholders own more than 50% of the voting power or value of the interests in such corporation, the foreign corporation will be classified as a "controlled foreign corporation" (a "CFC"). In general, members will be treated as owning a proportionate amount of the stock of foreign corporations owned by the company. However, a number of complex attribution rules apply in determining ownership of stock for purposes of the CFC rules which rules serve to include the of stock owned by parties related to the U.S. Shareholder.

If the foreign corporation qualified as a CFC for an uninterrupted period of 30 days or more during the taxable year, the U.S. Shareholders of the CFC would generally be subject to current U.S. tax on certain types of income ("subpart F income") of the foreign corporation (e.g. dividends, interest, certain rents and royalties, gain from the sale of property producing such income, certain income invested in "excess passive assets" and certain income from sales and services) and, in certain circumstances, on earnings of the CFC that are invested in U.S. property, even in the absence of any cash distributions from the CFC.

CFC income from sales and services is generally referred to as "foreign base company sales income" and is subject to U.S. tax if the CFC's supplier or its customer is a "related party." The definition of a related party includes a limited liability company that controls a CFC.

Foreign base company sales income does not include income from sales of personal property manufactured, produced, constructed, grown, or extracted in the CFC's country of incorporation, regardless to whom the property is sold. However, the "branch rule" and other complex attribution rules might cause said income to be subject to U.S. tax. Because we have control over a foreign limited liability company taxed as a corporation, foreign sales income from said limited liability company may or may not be subject to U.S. tax. However, we do not anticipate that the income of the Limitada will be treated as foreign base company sales income and do not expect the CFC rules to require current inclusion of the Limitada’s income on the Company’s U.S. income tax return. As of the date of this Memorandum, no income and/or expenses incurred by and/or for the Limtida have been included on any federal tax returns filed by the Company. All income and gains actually distributed to the Company by the CFC, however, are included in the Company’s U.S. taxable income passed through and included in the taxable income of each member of the Company in his or her proportionate share. In addition, gain on sale of the CFC's stock by a United States Shareholder (during the period that the corporation is a CFC and thereafter for a five-year period) would be classified in whole or in part as ordinary dividend income to the extent of the CFC’s undistributed earnings.

Foreign Personal Holding Companies

If five or fewer U.S. individuals own, or are treated as owning under certain attribution rules, in the aggregate more than 50% of the voting power or value of the stock of a foreign corporation, and at least 60% (50% in some circumstances) of the "gross income" of such corporation is made up of certain passive type income (for example, dividends, interest, certain rents and royalties and gain from the sale of stock or securities) for a taxable year, then such corporation will be treated as a "foreign personal holding company" (an "FPHC"). If a foreign corporation qualifies as an FPHC, all U.S. persons that own shares in the FPHC (regardless of the size of their shareholding and regardless of whether they are individuals) would generally be subject to current U.S. tax on their share of the FPHC's undistributed foreign personal holding company income ("FPHCI") for the taxable year or part thereof. We do not believe that it is likely that the Limitada will be classified as a FPHC.

Passive Foreign Investment Companies

U.S. Tax law contains special provisions dealing with "passive foreign investment companies" (PFICs"). A PFIC is defined as any foreign corporation with respect to which either (i) 75% or more of the gross income for a taxable year is "passive income" or (ii) 50% or more of its assets in any taxable year (by value) produce "passive income." We do not believe that it is likely that the Limitada will be classified as a PFIC.

Foreign Tax Credit Limitations

Members will generally be entitled to a foreign tax credit with respect to creditable foreign taxes paid on the income and gains of the Company that are treated as "foreign source" for U.S. federal income tax purposes. However, there are complex rules contained in the Code that may, depending on each member's particular circumstances, limit the availability or use of foreign tax credits. Members should consult with their individual tax advisors with respect to their tax treatment of foreign tax credits.

State and Local Taxes

Prospective investors should also consider the potential state and local tax consequences of an investment in the Company. In addition to being taxed in its own state or locality of residence a member may be subject to tax return filing obligations and income, franchise and other taxes in jurisdictions in which the Company operates. Further, the Company may be subject to state and/or local tax. Potential investors should consult their own tax advisors regarding the state and local tax consequences of an investment in the Company.

Members generally are subject to tax in their state of residence as well as in those states in which the entity does business if their share of income exceeds the minimum filing requirements. Since we will potentially be doing business in several states, this could create a substantial reporting burden for our members. Many states, however, allow "composite reporting" by partnerships and limited liability companies which means that the entity pays income taxes to the various states and the individual members are relieved of the reporting responsibility in states other than their state of residence and their state of residence generally will allow a tax credit for state income taxes paid by the entity for the benefit of the member.

LEGAL OPINION

The legality of the Company's Units offered hereby will be passed upon for the Company by Husch & Eppenberger, LLC of Peoria, Illinois.

FINANCIAL STATEMENTS

The Company’s financial statements, since its inception in 2003, are attached, including the audited 2004 Financials, prepared by the public accounting firm of Kerber, Eck & Braekel, LLP, as well as the Combined Financials (unaudited) for both 2005 and 2006, prepared by the same firm.

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OPERATIONAL BUSINESS PLAN

Updated 3/11/2007

The mission of South American Soy, LLC is to buy, build and operate efficient and progressive agricultural operations & businesses in Brazil employing a combination of North & South American technologies and management to generate attractive returns, achieved through services, production, and capital appreciation.

Forward Looking Statements**:**

This document contains forward looking statements. Forward-looking statements include the words “may”, “will”, “estimate”, “continue”, “believe”, “expect”, “anticipate”, or other similar words. These forward-looking statements generally relate to our plans and objectives for future operations and are based on our management’s reasonable estimates of futures results, trends or other circumstances. Investors are cautioned that all forward-looking statements involve risks and uncertainty. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements included herein will be achieved. The inclusion of such information should not be regarded as a representation of the Company or any other person that the objectives and plans of the Company will be achieved. Actual results may differ from projected results.

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The Company: Overview

Creation/Funding
South American Soy was organized as a Limited Liability Company in Illinois in August of 2003. A successful membership/capitalization drive in 2004 added 85 members and $1.33M in capital, and 91 individuals or companies currently hold a total of 181 Class A and B units in the company. The Company's activities are facilitated on a day-to-day basis by four Operational Managers, who report to a six member Board of Managers. The Company operates in Brazil through a virtually wholly-owned subsidiary, Nova Fronteira Limitada.

Farms purchased
After purchasing its first farm in June of 2004 (NF1), the Company purchased two additional farms later that same year, and now holds clear title to approximately 3500 acres in the municipality (township) of Araguacu, Tocantins, Brazil. The three farms were purchased for prices, using the exchange rate in effect at the time of their purchase, of $100-$220 per-total-acre.

Farms developed
Although none of the farms contained any tillable acreage when purchased, 500 acres were opened for row-crop planting by the end of 2005, and another 1,000-1,200 acres are now in the process of being cleared and developed, the majority of which is expected to be ready for planting in Nov. of 2007. The Company also has constructed a metal storage shed and added a worker dormitory to NF1, as well as expanding and improving the kitchen and cafeteria. In addition, improvements and additions have been made to the roads, ponds and fences on all three farms.

Machinery purchased
The Company has purchased an acceptable line of equipment, for a total U.S. investment (converted using an exchange rate of R2.10/USD) of $195.368, which includes one 180 hp tractor, one disc for primary tillage and one for light tillage, a large pull-type and small mounted sprayer, a lime spreader, a small utility tractor, a terracing disc, and some other small tools and machinery. Also included in that total is the purchase of two used bulldozers for land development work, and a drag chain for clearing.
The Company plans to purchase an additional mid-sized tractor with loader attachment, as well as some needed short line equipment (such as seed treating equipment, etc). To this point in time, the Company has used custom services for harvesting and hauling, and this will continue to be the preferred practice, if adequate equipment can continue to be secured at competitive rates.

Four crops of soy

The Company planted 350 acres of soybeans in Brazil in December of 2006, its 4th crop since beginning operations in Brazil in 2003. After some early-year lessons learned, yields have been as expected, with first-year soils producing 20-30 bushels per acre, and third year soybeans hitting 45 bushels per acre in the 2005/2006 crop. The Company planted using no-till for the majority of the 2006/2007 crop, and will continue that practice in all fields that are in their second year of production, and have been corrected for Ph and fertility.

Financial Results-Operations

Although operational returns have ran behind projections due to the low soybean prices that Brazil has experienced over the past two seasons (primarily due to the strength of their currency), the expected loss of soybean acres in the US resulting from the expansion of ethanol has returned prices to profitable levels, in spite of the continued strength of the *real*. In anticipation of continued price improvements, the Company accelerated development activities in an attempt to maximize total area available to be planted in Dec. of 2007.

The Company has a placed a strong effort on monitoring and minimizing costs at all levels of the Company during 2005 and 2006, and these efforts will continue as the Company expands.

In the area of revenues, the Company has shown patience in merchandising the farms production of soy, taking advantage of no-cost storage (at Bunge) to maintain ownership of multiple crops. This patience has been rewarded with increasing prices, and has improved the Company's financial position. Management believes that using a portion of any additional capital secured during our second offer to self-finance our operational expenses, will allow the Company to continue to merchandise the crop based on market conditions, rather than cash flow, and will improve operating revenues.

Financial Results-Appreciation

Unlike the operational side of the Company's value proposition, appreciation in the value in the farms in Tocantins is running ahead of projections. As of Feb. 2006 (most recent appraisal to date), the Company's overall portfolio of three agricultural properties had increased in value by 50%, based on the original purchase price. Given the developmental operations underway on NF1 and the general optimism in the Brazilian real estate market due to the expansion of sugar cane alcohol and soy-based biodiesel, management looks for significant additional appreciation in property values to occur over the next two years.

Service Activities

Taking advantage of the management team's skill set and positioning, the Company has developed a set of "service based" offerings, all focused on facilitating connections between the agricultural communities in Brazil and the US. The goals these activities are two-fold: (1) to generate net revenues and (2) to continue to position the company as "Brazilian Experts", in order to gain exposure for future Company services, offerings or opportunities.

Management believes that SASoy is well positioned to continue to move forward in the development of the Company. Given our continually changing environment, the purpose of this document is to facilitate and document an ongoing reassessment of the Company's assumptions, strategies and positioning.

The Company: Offices

The Company's U.S. office is co-located with AgPage International Consulting at:
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Assumption, IL 62510
United States: (866) 711-2769 | Fax (217) 226-4273 | staff@SASoy.Com

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The Company: Brazilian Subsidiary

Pursuant to Brazilian law, South American Soy (SASoy) operates in Brazil through a subsidiary company, NOVA FRONTEIRA SOCIEDADE LIMITADA (a Brazilian form of a U.S. limited liability company.) Nova Fronteira was initially capitalized with 100 units, each unit initially valued at 49.50 *real*, and SASoy holding 99 units, and as required by Brazilian law, the remaining 1 unit in Nova Fronteira is held by a legal resident of Brazil, SASoy's Operations Manager Neige Caiapo. Nova Fronteira's 12/31/06 Balance Sheet listed 238,837.80 *real* ($113,732 US using an exchange rate of R2.1/USD) in Paid-Up Capital, 238,737.80 *real* to the account of SASoy, and 100 *real* to the account of Neige Caiapo.

The bulk of capital transferred to Nova Fronteira during 2004, 2005 and 2006, has been registered and placed on Nova Fronteira's books as a loan from SASoy to Nova Fronteira. This practice is used in order to make the future repatriation of this capital easier. As of Dec. 31, 2006, Nova Fronteira's Balance Sheet listed 2,610,317.15 *real* ($1,243,008 using an exchange rate of R2.1/USD) under the category of "Loans From Partners-South American Soy, LLC".

A companion agreement has been executed in the United States between Caiapo (holding dual citizenship in Brazil and the U.S.) and SASoy. This agreement pledges all net earnings and capital appreciation accruing from her 1 unit held in Nova Fronteira to SASoy. Neige Caiapo also serves as the Manager of Nova Fronteira.

The limitada's office is located at:
Nova Fronteira Sociedade Limitada
Rua Guararapes 264
Uberaba,, Minas Ferais 38 030 030
Phone: 55-34-9960-4209

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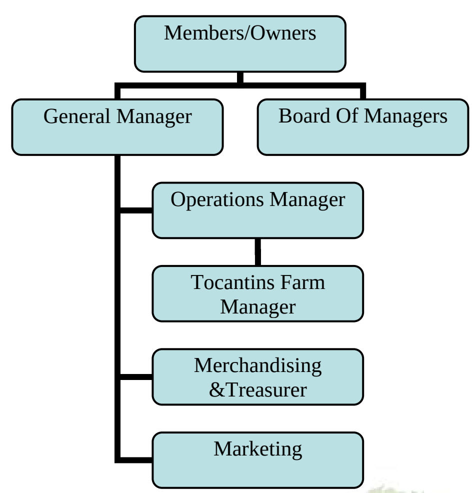
The Company: Structure

SASoy is directed on a day-to-day basis by a team of four operational managers, all working on annual contracts. The Operational Managers report to a Board of Managers (Directors), which is directly responsible to the Members. The Board is comprised of four Class B unit holders (the four operational managers) and two Class A Managers elected by Class A unit holders for alternating three-year terms. The board receives bi-monthly activity reports, situational updates and financial reports from the operational managers and via email at during meetings of the Board.



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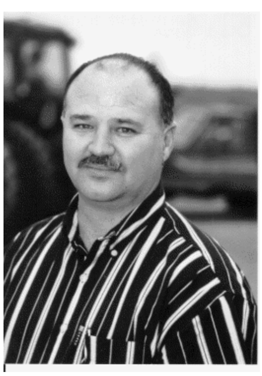
The Company: Operational Managers and Board of Managers Members

General Manager: Phil Corzine
SASoy's General Manager (GM) is responsible for the facilitation, management and reporting of all company activities to both the Board of Managers and to South American Soy Members. Corzine is the primary contact with Brazil Operations Director Caiapo, and has oversight responsibility for all U.S. & Brazilian operational, financial and investment activities. Corzine is on-the-farm for first-hand monitoring of the company's activities, three or more times each year.

Brazil Operations Manager: Neige Caiapo
As Brazil Operations Manager, Neige Caiapo is South American Soy's representative on the ground, and is responsible for all activities undertaken on the company's behalf in Brazil. Caiapo also serves as both a conduit and translator between US and Brazilian management and contacts. Caiapo also fills the legally required role of the resident manager of Nova Fronteira, South American Soy's wholly owned Brazilian subsidiary. Caiapo operates from the Limitada's office in Uberaba Minas Gerais, and is also on-the-farm during the key periods of planting and harvest.

Merchandising Manager: Kent Sorrells
In his role as SASoy's Merchandising Manager, Sorrells oversees all of the company's grain merchandising and risk management activities. Sorrells monitors field reports from Brazil and US market intelligence, and uses Brazilian cash markets and the CBOT to maximize company revenue. Sorrells is also responsible for overseeing the company's cash investments and depository accounts, and serves as SASoy's Treasurer. Sorrells visits the farms during harvest each year.



Marketing Manager: Brad Glenn
As Marketing Manager, Glenn markets new products for SASoy, and serve as the lead contact with agribusiness, commodity and governmental entities. Glenn is also responsible for interaction with media, facilitating member meetings and seminars, and for managing activities associated with Private Equity Offerings.

Class A Manager/Board Member: Don Huftalin,
Mr. Huftalin was elected for two-year term on the Board of Managers during the Company's first annual meeting in March of 2005. He is currently a candidate for the same position to be elected at the March 17th Annual Meeting. After spending time in Korea with the US Army, Mr. Huftalin held a position as a production manager of a swine farm, and worked as a farm loan representative with Metropolitan Life Insurance Company. Mr. Huftalin started farming in 1964, producing grain and hogs near Genoa, Illinois. Currently his operation raises 1300 acres of corn and soybeans in Illinois and Iowa and also operates a 2000 sow, farrow-to-finish hog operation, all in partnership with his son, Bert.

SASoy Board of Managers / Operational Managers			
Name	Occupation	Location	Term
Phil Frank	Frank Farms	Athens, IL	2008
Don Huftalin	Hufco Farms	Malta, IL	2007
Brad Glenn	Marketing Mgr	Stanford, IL	Annual
Kent Sorrells	Merchandising Mgr	Raymond, IL	Annual
Neige Caiapo	Brazilian Operational Mgr	Uberaba, MG, Brazil	Annual
Phil Corzine	General Mgr	Assumption, IL	Annual

Class A Manager/Board Member: Phil Frank
Mr. Frank was elected to a three-year term on the Board of Managers during the Company's first annual meeting in March of 2005. After completing his studies at the University of Illinois in 1974, Mr. Frank began farming with his father on an integrated grain and livestock farm near Springfield, Illinois. Mr. Frank's operation currently produces corn and soybeans on 2,200 acres, and also includes a 100 head beef cow herd, 400-500 head of feeder cattle fed out per year, and hogs produced annually of 12,500. In addition, the family business operates a Pioneer Seed dealership and a Choose and Cut Christmas Tree operation.

Tocantins Farm Manager Silvio Caiapo
Silvio Caiapo, Araguacu Tocantins is the on-site Farm Manager for SASoy's three Tocantins farms, NF1, NF2 and NF3. Silvio Caiapo reports to SASoy's Brazilian Operations Managers, Neige Caiapo.[1]

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The Company: Operational Manager Compensation

The current team of four operational managers work for the Company on a part-time basis and, tying performance to profitability, receive Class B units for a minimum of 50% of their annual compensation. Forty-six (46) Class B units remain in this Management Compensation Pool, and fulfilling management contracts through 2010 will require forty-one (41), leaving five (5) Class B units un-committed.
A Management Compensation Committee will be created in 2009 made up of the Class A Board Members, and (2) two Class A members to be elected from the membership. This committee will make recommendations to the Board for the ongoing structure of, and compensation for, the management team.

	Annual Cash	Annual Units	Time Commit.	B Units 1/1/07
Phil Corzine	$0	4.25	108+ days	19
Neige Caiapo	$18,700	3	150+ days	10
Kent Sorrells	$0	2	54+ days	11
Brad Glenn	$8,250	1	66+ days	8

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The Company: Management Succession

South American Soy has a talented and committed management team, and in order to insure the uninterrupted viability of the company's management capabilities, the General Manager shares management information with the entire Operational Management team. In addition, efforts are underway to secure permanent non-residency status in Brazil for Corzine which hopefully, will allow Corzine to temporariloy back-up Caiapo if need, in her roles for the company in Brazil.

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[1] Silvio Caiapo and Neige Caiapo are brother and sister.

The Company: Capitalization

Class A and B Units are identical in all aspects, except in the election of managers to the Board of Managers, with Class B Unit holders electing four (4) and Class A unit holders electing two (2). One hundred thirty-three (133) Class A units were subscribed during the company's first offering in 2004. Forty-eight (48) Class B units have been subscribed to the four operational managers, as of Dec. 31, 2006.

As of that same date, three hundred (300) Class A Units have been issued but not subscribed, designated for use in the Company's 2007 Private Equity Offer. In addition, forty-six (46) Class B Units remain in the Management Compensation Pool, issued but not subscribed, to be used for future compensation of Management. See THE COMPANY: OPERATIONAL MANAGER COMPENSATION.

Current Ownership 12/31/2006	Number
Class A Units-Subscribed[2]	133
Class B Units-Subscribed	48
Total All Units-Subscribed	181
Class A Units-Not Subscribed[3]	300
Class B Units-Not Subscribed[4]	46
Total All Units – Not Subscribed	346

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The Company: Banking

South American Soy, LLC maintains one checking account and one money market (interest bearing) account at the First National Bank of Litchfield, Litchfield IL. Cash reserves beyond that required for a working cash flow are invested into interest bearing Certificates of Deposits. Kent Sorrells, Treasurer of the LLC, has primary responsibility for the bank accounts, and holds and writes checks for the account. Operational Managers Corzine and Glenn also have signatory approval on the account.

A checking account has been established by Nova Fronteira at the Banco do Brasil, Uberaba Brazil. Neige Caiapo, serving as both Brazilian Operation Manager for SASoy and resident manager for Nova Fronteira Sociedada Limitada, has primary responsibility for this account, holding and writing all checks and issuing payments.

The General Manager has electronic access to all financial accounts and monitors them on a regular basis, synchronizing online bank information with the Company's financial and management records.

Funds are electronically transferred between the depositary institutions to cover cash flow requirements for operations and investments in Brazil. All transfers of funds are electronically registered with the government, as required by Brazilian law, to guarantee the ability to transfer out original capital investments without incurring Brazilian taxation.

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The Company: Taxation

Nova Fronteira operates in Brazil under the Actual Profit scenario, which requires taxes to be paid on net profits. As of 1/1/2007, Nova Fronteira has not posted a net-taxable income and has not, as of yet, paid any federal income taxes in Brazil. Nova Fronteira does incur other taxes that are tied to the movement of money, rural property, and labor costs.

South American Soy, LLC is considered a partnership for tax purposes, meaning that all year-end taxable income will flow-through to the members-owners on the basis of their distributional interest in the company. A Schedule K1 is supplied in Feb. of each year to all members, showing the member's pro-rata share of the Company's previous year's taxable income or loss. When South American Soy posts net-taxable income, management will consider payment of a year-end dividend of sufficient size to cover the estimated average member's tax liabilities.

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[2] 133 Class A units were subscribed during the company's first offering in 2004.
[3] To be offered for subscription in 2007 Private Equity Offer
[4] Management Comp. Pool

The Company: Merchandising

Kent Sorrells, SASoy's Merchandising Manager, facilitates the marketing of the Company's Brazilian production, and employs risk management tools when appropriate.

During the first three years of operations, Bunge has made commercial storage available at no cost, for an unlimited period. Management has investigated the construction of commercial storage, but primarily due to the availability of free commercial storage, has deferred on that option. Management is, however, continuing to investigate the construction of farm storage due to logistical issues, and concerns regarding basis levels for commercially stored production.

Thus far, the Company has been successful in contracting competent and economically competitive independent trucking operators. As the Company grows, management will consider the purchase of one multiple-purpose truck for use in transporting machinery, picking up inputs, and assisting with harvest transportation. Management believes, however, that the best option for transporting the bulk of our farm's production continues to be in utilizing contracted trucking services.

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The Company: Accounting

The General Manager currently maintains the official financial records for the company using QuickBooks software. Annual tax returns and Schedule K's for members are prepared by the Company's accountant, Kerber, Eck and Braeckel, located in Springfield IL. The financial records are kept up-to-date by manually synchronizing with online bank account records. All bills are paid by the Company Treasurer (Sorrells), and all invoices/expense verification data is also kept on file by the treasurer.

The official books for Nova Fronteira are maintained by an accounting firm in Uberaba Brazil—the same firm which files Nova Fronteira's Brazilian tax returns. These records are in Portuguese and are denominated in the *real*. At year end, a balance sheet and income statement is prepared by the Brazilian accountant, translated by a bonded translator, and sent to the US accounting firm of Kerber, Eck and Braeckel for use in the preparation of the Company's annual consolidated financial statements. All amounts are converted to U.S. dollars during the consolidation.

In addition to the official financial records for Nova Fronteira, the General Manager maintains a set of "correlated" financial records for management purposes using QuickBooks. These records are denominated in *real*, and are manually synchronized with Nova Fronteira's checking account using online access to the account. To better align with the crop calendar in Brazil, these records are setup on a July 1 fiscal year, and are dominated in the *real*.

Individual budgets are prepared for both Companies annually. Annual crop budgets are prepared by our Brazilian agronomist, and those are used in the development of NF's budget. Financial reports drawn from both sets of records are provided to the Board of Managers on a regular basis.

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Competitive Advantage Review

The value proposition in South American Soy's initial business plan was built on the basis of what the founders believed, were four competitive advantages existing in Brazilian agriculture, as compared to agricultural operations in the United States:

- ⇒ Lower land prices with significant potential for appreciation
- ⇒ Lower labor costs
- ⇒ Lower machinery costs
- ⇒ Comparative or better Productivity

It was on these four advantages that the Company based its projections for returns exceeding those available from U.S. farms. Following is an updated review of these original competitive advantages.

LOWER LAND PRICES WITH SIGNIFICANT POTENTIAL FOR APPRECIATION:
Management's original assumptions regarding *real* estate cost and potential for appreciation have been confirmed.

Purchases confirm lower land costs
As of Jan 1, 2007, the Company had purchased and paid for 1,465.5 hectares (3,621.24 acres), for a total investment of 1,467,585 *Real*, or $552,763 US dollars, using the exchange rate of 2.65 *real* per dollar in effect on 1/1/2005. On a per unit basis, the land cost was $153 per acre.

Illinois land values increasing
According to the 2006 Illinois Land Values and Lease Trends report prepared by the Illinois Society of Farm Managers and Rural Appraisers, land values in the Central Region of the state of Illinois increased by 7% in calendar year 2005, with land rated at "excellent productivity" being sold for $3,760 - $5,600 per acre. Also according the report, the increase in land prices was at a "slower rate as the year progressed", due to increasing interest rates. However, management believes the massive biofuels expansion in the U.S. and resulting higher commodity prices could propel Midwest land prices even higher in calendar year 2007 and beyond.

Tocantins land prices remaining comparatively low
Although prices for cerrado, pasture and cropland have dropped slightly over the past twelve months due to the strong *real* and low prices for soybeans, farmland in Brazil continues to trade at a fraction of the market prices of those in the Midwest region of the U.S.. According the data from the FNP, in the five years ending in 2006, prices in Tocantins have increased by 156% for cerrado land, 89% for improved pastures and 59% for top-producing soybean farms. Converted using the Dec. 31, 2006 exchange rate of 2.135, FNP estimated that per-acre values for the region of Tocantins that Nova Fronteira operates in were selling for:

Cerrado Land	*$294 per acre*
Improved Pasture	*$246 per acre*
Top Producing Soy Farms	*$546 per acre*

Our on-the-ground research confirms these prices, as management recently visited a farm consisting of nearly 4,800 acres of relatively flat pasture and cerrado, located on a paved road, with an asking price of $240 per acre (converted using an x-rate of R2.1/USD). Using these estimates, soybean farms in Tocantins in 2006 were selling for 10% to 15% of the prices being paid for farms in Illinois having the same inherent level of potential productivity.

Land appreciation slowed
The low soybean prices in Brazil have caused land prices to fall throughout the country for the past three years. In one of Brazil's older agricultural states, Parana, land prices for top-yielding grain farms reached almost $3,000 per acre in 2003, but dropped 46 percent in the past three years due to marginal or negative returns from soybean production. And in Brazil's leading soy producing state of Mato Grosso, prices for top soybean farms have fallen 29% from their highs of two years ago.

But still on track in Tocantins
Average prices paid for top soy producing land in Tocantins fell by almost 36% from their highs of three years ago again, according to land value data from FNP. However, management believes that land prices in regions less dependent on soybean production, like Tocantins, have been less affected by the strong *real* and low soy prices. As a point in fact, FNP data shows that prices for developed pastureland in the state have registered increases in four of the past five years, and increased in value by a total of 89%.

Bottom line on land
If a reduction in soy production in the U.S. occurs as a result of the ethanol expansion, and in doing so, creates higher prices for soybeans worldwide, the increased profitability in Brazilian soy production should pump up Brazilian land values. Unofficial reports from Brazil seems to indicate this may already

be occurring to some extent, as Brazilian farmers are sensing the potential for increased domestic biodiesel consumption, increased sugarcane production and a worldwide demand for more corn, and are reacting by beginning to push land prices upward.

Management remains convinced that large amounts of land continue to be available to purchase at significantly lower prices in Tocantins relative to both the U.S., and to the more developed regions in Brazil. In addition, management sees the potential for continued significant appreciation in the values of these purchased and developed properties in Tocantins.

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2: LOW LABOR COSTS

After three years of operations, SASoy has confirmed lower per-unit labor costs for our agricultural operation in Tocantins, however the company is now aware of some challenges in this area as well.

Lower unit costs

Nova Fronteira currently pays the following salaries and daily and hourly rates (all dollar conversions made using an exchange rate of 2.13 *reals* per dollar):

Field workers	*20*	*reals or $9.39 US per day*
Machine Operators	*4*	*reals or $1.88 US per hour*
Office Administrator	*350*	*reals or $164.00 US per month*
Farm Manager	*1,875*	*reals or $880.00 US per month*

Plus food costs

In addition to the fees paid to field laborers and machine operators, the Company is also obligated to furnish food. During 2005 and 2006, for non-management and administrative workers, the cost for food added an additional 10-15% to a worker's daily or hourly fees.

And housing required

In addition to food, the Company also provides housing for the workers while they are working. This housing is basic, bunk-style, and is for the workers only. If the Company doesn't supply housing, it would be obligated to provide daily transportation to and from town, which would be a higher cost proposition. Given the nature of the construction, costs to build and maintain this housing are not significant.

Longer-term commitments

Through the first two years of operations, Nova Fronteira was able to contract with employees on a short-term basis, avoiding some "social security" and "unemployment" type issues and costs. Due to concerns over stepped-up enforcement of domestic labor laws, NF is now entering into the conventional employer/employee relationships. Although there will be some additional taxes and costs incurred as a result of this change, estimates are that the amounts, given the wage scale of our company, won't be significant.

Availability of qualified workers

Although unemployment levels continue to be high in the Araguacu area, NF has faced challenges in finding and retaining qualified and motivated workers, primarily machine operators. This has created some inefficiency, due to a lack of workers at critical times, and with the required retraining. However, SASoy's farm and operational managers have been able to effectively deal with these situations thus far. Management expects that given the ramp-up in activities as the company develops and operates a larger tillable acreage, the Company will be able to hire and retain a more consistent group of farm workers.

Per-unit Labor costs are very low. At less than $10 per day, it is cost-effective for NF to employ the necessary manual labor to pick up the roots, and bring cerrado and degraded pasture land into row-crop production. Further, with rates for machine operators at approximately 1/3rd of the minimum wage in the U.S., it is very cost-effective for NF to employ sufficient skilled labor for clearing operations and also for ongoing field operations. The additional costs and commitments for food, labor and taxes do not significantly reduce the value proposition, and the challenges associated with finding and retaining quality workers will likely improve as the company increases in scale.

3: Low Machinery costs

Management's original assumptions for lower machinery costs were based upon lower prices for domestically produced implements, and less implements required per-hectare, achieved by running fewer machines, longer hours

Farm machine costs variable
Nova Fronteira purchased a "heavy tractor" (180 hp Valtra with front-wheel assist) with less than 200 hours for 145,000 *real* (approx. $68,000 at 2.13 exchange rate), which was below the price that a similar tractor would have sold for in the U.S. However, the Company has also found that costs for short line equipment (discs, lime spreaders, sprayers) are higher than what we would expect to find in the US. In addition, prices for used tractors and equipment also tend to be higher than what you would see in the U.S. market. ***Overall, management feels that its original expectations for lower prices for machinery were too optimistic.***

Current equipment investment
As of Jan. 2007, Nova Fronteira has made a total machinery investment of 410,273 *real* (original cost), of which approximately 93,000 *real* was for land clearing equipment (two used bulldozers and a drag chain.) Based on the 500 acres planted for the 2005-2006 crop, the Company's operational machinery cost per unit stood at 1570 *real* per hectare ($302 per acre.)

Acreage rising, machine costs falling
Management's original business plan predicted average machinery costs of 1,559 *real* per hectare ($300 per acre using an exchange rate of 2.1), based on a planted area of 1,480 acres. Looking forward to the 2007-2008 crop, the Company is expecting planted acreage to exceed 1,200 acres, and management believes that this scale up in acreage can be accomplished with additional investments in operational machinery of less than $100,000 US. If an additional $100,000 in machinery is purchased and 1,200 acres are planted, machinery costs for the 2007-2008 crop would drop to $209 per acre. Additional increases in tillable acres will create increasing efficiencies of scale. However, the Company's ability to achieve minimum machine-costs per acre will continue to be based on maintaining discipline in the purchase of equipment.

Repair costs
Costs to maintain and repair the Company's farm machinery averaged $26 per acre during the 2005-2006 crop. Management believes that several factors affect these costs, including:

- the less-developed nature of the fields that our machinery operates in
- the use of operational machinery for developmental activities
- higher priced repair parts, due to less competition in the market

Management is confident that the impact of several of these factors is on the decline, and will become less of an issue as the farm matures and moves from development into production, as evidenced by the fact that farm and operational managers have taken steps over the past year to increase the farm's internal ability to effect repairs, and are continuing to train workers to improve our machine operators skills.

With three years of operational experience, management concedes that lower machine costs will likely not be a significant competitive advantage for the Company. However, management believes that as the Company matures, overall machine costs should be competitive with those experienced by commercial US agricultural operations.

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4: COMPARATIVE OR BETTER PRODUCTIVITY

Management's pre-operational assumption on productivity was "to achieve or exceed Illinois soybean yields, on or before the 4th year of production." Our original projections estimated first-year soybean yields at 32 bushels per acre and increasing to 40 bushels per acre in year four, before topping out at 50 bushels per acre in year eight and beyond.

First-year soy experiences

Our Company's first attempt of 51 acres of first-year soybeans harvested from a converted pasture in April of 2004 yielded an average of 20 bushels/acre. In May of 2005, the Company harvested 239 acres of first-year soybeans from our newly purchased NF1 farm. This crop, produced in a field hurriedly converted from a highly compacted pasture, yielded 15 bushels/acre. In May of 2006, the Company harvested 234 acres of first year soy on our newly purchased NF 2 and NF3 properties. The average yield for our third attempt at first year soybeans was 28 bushels/acre, with individual fields ranging from 23 to 32 bushels per acre.

First-year soybeans, learning & improving

The Company's production methods have improved each year, including improvements in our:

- Ph correction methods
- Fine tuning of our fertility program
- Use of deep tillage to remove compaction
- Mechanization, with the purchase of a new planter for the 2006-2007 crop

Although our first-year yields have, thus far, fallen short of our projections, management remains convinced that 31 bushels/acre for first-year soybeans remains a valid assumption.

Second year yields ahead of schedule

Our first effort with second year soybeans averaged 36 bushels/acre, harvested in April of 2005. Our second crop, 240 acres harvested in May of 2006, averaged 41 bushels/acre—one field averaged over 45 bushels/acre. These results exceeded management's projected yield trend-lines, and reinforced the Company's long-term projections for achieving yields of 50 bushels per acre or more.

Management remains confident that our original projections for achieving soybean yields in Tocantins that will meet and exceed those experienced in Illinois are valid, and our progress towards that goal is on-target.

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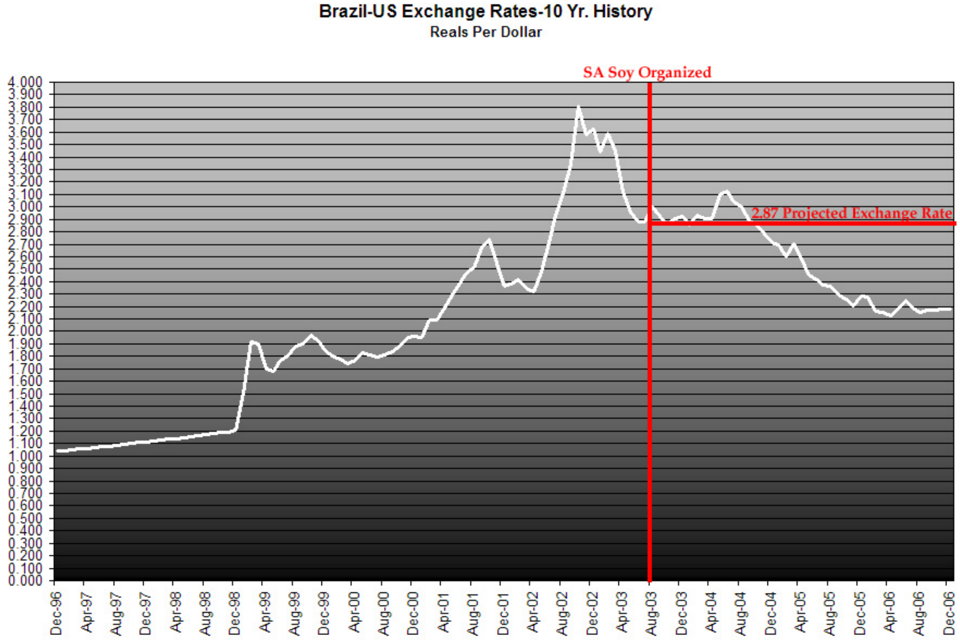
Strategic Assumption Re-Assessment

The Company's organizational business plan, developed in 2003, was based on assumptions made for the level of the Real/USD exchange rate, and for the price for soybeans. Variations in these rates and prices have had a significant affect on the Company's operations—following is a reassessment of each.

ASSUMPTION #1: EXCHANGE RATES

Unexpected changes
The Company's organizational financial projections were developed using a *real*/USD exchange rate of 2.87, remaining flat for the life of projections. The *real* began to strengthen relative to the US dollar midyear 2004 (meaning less *reals* for each US dollar) and by October, the rate had dropped below management's projections. The *real* has continued to gain relative to the dollar and as of Jan. 1, 2007, stood near 2.13 *reals* per dollar.



Why so strong?
The majority of this unexpected strength in the *real* is attributed to actions Brazil has taken to fight inflation, which rose above levels targeted by the government in 2003. By raising domestic interest rates to slow the economy, inflation was pulled back below targeted levels in 2006, but raising interest rates that were already high, made Brazil's the highest interest rates in the world. U.S. investors, facing low interest options at home, took notice, and have been converting dollars to *reals* in order to capture the high rates in Brazil. This increased demand for *reals* and lower demand for dollars resulted in a falling rate of exchange for *reals* vs US Dollars. Over the past twelve month, the government has slowly began to lower rates, but with US interest rates remaining stable, the *real* has continued to trade strong relative to the dollar.

The effect of the exchange-lower prices for soy
The majority of Brazil's soybeans are exported and priced in US Dollars, so the world price of soy is "multiplied" by the Brazil-US exchange rate to determine the price of soybeans domestically in Brazil. So a strong *real* creates a lower or smaller exchange rate to multiply by, which results in lower domestic prices for soybeans relative to the world price. Thus a stronger *real* has reduced the net soybean prices the Company has been able to receive over the past two crops.

The effect of the exchange-offsetting savings not assured
A stronger *real*, in theory, should also lower the cost of imported goods needed for production, such as fertilizers and crop protection products. Although our Company has seen some limited signs of this occurring during the most recent round of input purchases in Sept. of 2006, input costs and the exchange rate seem to be much more highly correlated when the *real* weakens and pushes input prices higher, than when the inverse occurs. Crop protection products did seem to drop in price ahead of the 2005-2006 crop, but fertilizer prices have continued relatively strong throughout. Management believes that inputs like fertilizer are far less "commoditized" in Brazil than they are here in the U.S., making it difficult to compare prices from one year to the next. It is also widely assumed that suppliers of inputs (like crop protection products and fertilizer) have widened their margins at times over the past 2 years in an effort to recoup losses suffered from past losses due to non-payment by producers.

How low can it go?

The government of Brazil has been intervening in the currency markets over the past twelve months in what appears to be, efforts to keep the exchange rate above 2.00 *reals* per USD. In addition, Brazil met and exceeded its target for inflation in 2006, which should indicate that reductions in domestic interest rates should continue. There also have been continued signs of a slowdown in activity by businesses in Brazil that rely on exports, like agriculture. All of these indications point towards this current "floor" in exchange rates continuing to hold. However on the negative side, interest rate changes in the U.S. also play a strong role in this relationship, and at present, those rates continue to be flat.

Overall, a conservative guesstimate would be that the exchange rate will continue to hold at or above 2.00 reals per dollar. However, it would be hard to make a case for improvements in this rate of more than 10-15%.

Management's organizational projections on exchange rates were off-mark, and this unexpected change has had a significant affect on operational results. However, virtually no one predicted these changes, leading management to the conclusion that predicting such changes is difficult, if not impossible. Therefore when projecting financial in the future, although management will continue to use the current exchange rate as a base, we will also use sensitivity analysis on variations in exchange rates to see the affect of rate changes on projected financial results.

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ASSUMPTION #2: PRICES

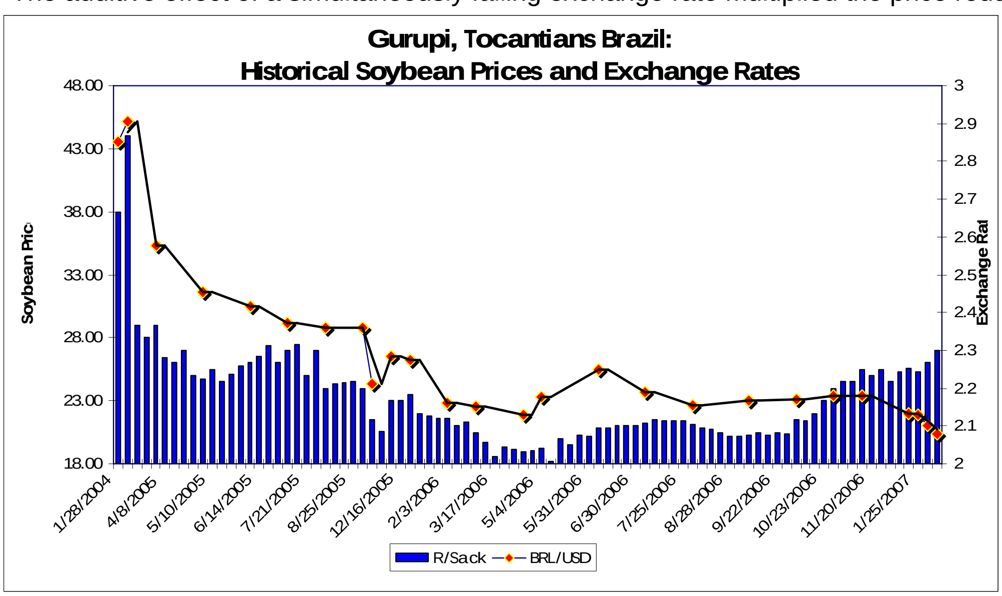
	Avg US / Bu Projected	Avg US / Bu Actual	Avg Tocantins R / Sac Projected	Avg Tocantins R / Sac Actual
2004	$7.50	$7.50	$40.49	42.00
2005	$7.00	$6.21	$37.33	25.44
2006	$6.50	$5.71	$34.17	21.23
2007	$6.25	$7.00*	$32.59	26.00*
2008	$6.00	-	$31.00	-
2010	$5.75	-	$29.42	-
2011	$5.50	-	$27.84	-

Soy prices fell

Due to collapse in world prices for soybeans in 2005, prices on the CBOT fell well below projections, as our plan anticipated a much more gradual reduction in world prices. World prices for both 2005 and 2006 average approximately 88% of level projected in our plans.

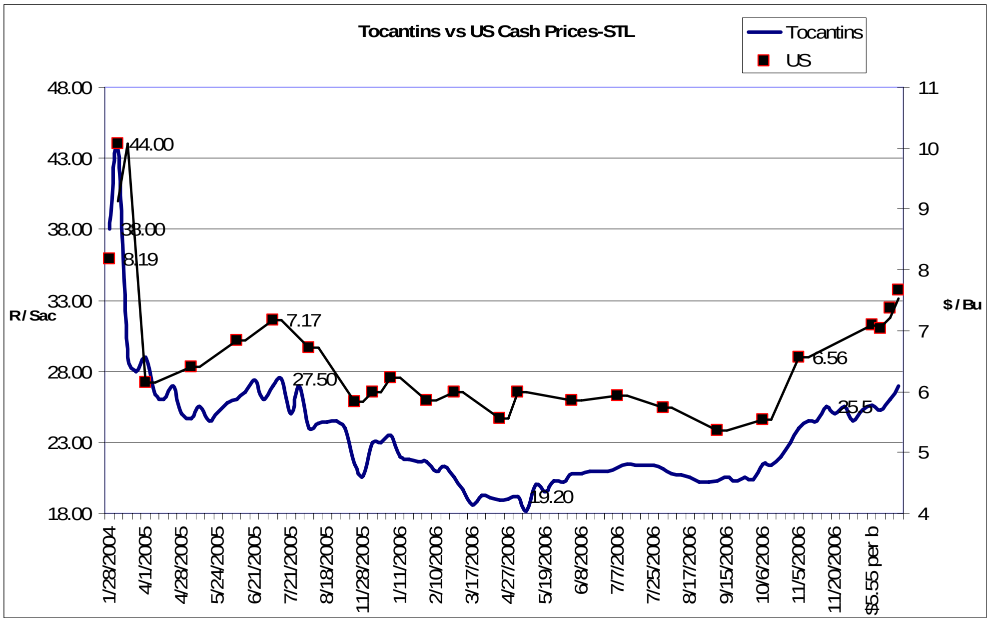
Exchange rate reductions multiplied the effect

The additive effect of a simultaneously falling exchange rate multiplied the price reduction for soybeans in



Tocantins, which fell to 68% and 62% of our 2005 and 2006 projections, respectively. In fact the 2006 average price of R21.23 fell below the lowest price contained in the 11 year horizon of our projections of R27.84—a direct result of the strong *real*.

Implications of the lower prices
These lower than expected prices have obviously created challenges for the Company. The Company's strategy of operating in frontier areas, converting virgin soils to maximize capital appreciation opportunities, brought with it the negative side effects of higher inputs (more costs) and lower yields (less revenue). These reductions were factored into our plans, and the Company didn't expect to achieve an operational profit until at least the third year of operations. The lower prices, on top of the anticipated challenges in yields and net-margins, pushed accumulated deficits from our first two full years of operations to $358,869.



Thank you ethanol
The good news is that the price situation has already improved, and management is very optimistic regarding future soybean prices. Ironically enough, it appears that the US ethanol industry may be largely to thank for these improvements in prices, as a rapid growth in new capacity is estimated to require an additional 10-12 million acres of corn to be planted in the US in the 2007 crop. Most of those new acres will come at the expense of US soybean acres, and the resulting drop in supply should help to clean-up our world wide soybean inventories, and push the soybean complex into higher price ranges.

Biodiesel will play a role
On top of this we can add demand, both in the US and Brazil, from the construction of new biodiesel facilities. While management is less confident of the ultimate ability of this industry to remain competitive when soybean prices are higher and crude oil prices are lower, especially so in the U.S.. However, new facilities are currently being constructed in both countries, creating additional demand for soybeans.

Brazilian biodiesel has better chance
Biodiesel production in Brazil could ultimately become a significant demand driver. Due to their higher prices for diesel fuel and lower soybean prices (due mostly to freight costs), the cost-benefit ratio for new biodiesel facilities is stronger in Brazil than in the US. In addition, the government of Brazil's new mandate for a minimum of 2% biodiesel blend in all diesel fuels, nationwide, is set to go into effect in 2008. This factor alone should create sufficient demand-pull to keep new Brazilian facilities in operation, even if/when the economics of biofuels weaken.

Largely due to our "miss" on exchange rate projections, management's organizational projections for prices during our first three years of operations have been off-target. This decline, although difficult to predict, has had a negative effect on our first three years of financial results. Going forward, management will conduct sensitivity analysis on the affect of variations in soybean prices on any projected financial results. Management does believe, however, that soybean prices are likely to move higher from current levels, and may in fact, exceed our original projections over the next two years.

Strategy Re-Assessment

The Company has, and is employing a set of strategies designed to achieve the Company's mission.

- Blended management team
- Renting land to gain scale
- Use of domestic financing
- Operating in Tocantins
- Returns from operations & appreciation
- Reduce overhead costs
- Generate off-farm revenues
- Attract new members and capital

Following is a re-assessment of these strategies

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STRATEGY #1: A BI-CONTINENTAL BLENDED MANAGEMENT TEAM

Implemented: Organizational Business Plan, Jan. 2004

A key strategy for South American Soy was expected to be in the use of management employing a combination of South and North American technologies, methods and systems. During the first three years of operations, the Company has successfully implemented this concept through a bi-continental management team.

Structure and flow

Silvio Caiapo is Nova Fronteira's Tocantins Farm Manager, and is located near the farm in the city of Araguacu. Silvio facilitates all day-to-day farm activities, and works with the Company's agronomist to carry out the cropping plan for the season, as well as overseeing all farm development operations. Silvio reports to the Operational Manager. Neige Caiapo, residing in Uberaba, MG Brazil, serves as SASoy's Manager of Brazilian Operations, and in that role, works to undertake all Company activities in Brazil. Neige reports to the General Manager and directly to the Board and Members during regular meetings. Phil Corzine, residing in Assumption IL, serves as General Manager and in that role, sets out the Company's goals and strategies in conjunction with the Board, then works with the Operational Management team to develop and implement plans that will achieve the Company's goals.

Blending working

Management believes that the Company has successfully captured value in the use of local management on the farm, as our current Farm Manager and agronomist have proven that their knowledge of local agronomics and business practices has been a positive factor in the farm's development to date. In addition, our Operational Manger has proven to be very adept at working in and through the Brazilian bureaucracy. The General Manager has been able to receive sufficient information to be able to provide strategic direction for the operations in Brazil, as well as to monitor performance.

Improvements ongoing in management of expenses

Management found that tracking and analyzing operational expenses is less common in Brazil, but is developing a system that while not being time intensive for field staff, allows the Company to successfully track, monitor and anticipate expenses on the farm. Significant improvements have been made in this area.

Management remains convinced that a blended management structure remains the best strategy for the Company. This system has functioned well to date, and with improvements continuing on expense management procedures, management expects this area to gain in strategic value as the Company continues to mature.

STRATEGY #2: RENTING LAND IN EARLY YEARS TO ACHIEVE SCALE

Implemented: Organizational Business Plan, Jan. 2004

The Company's organizational business plan and financial projections called for the rental of as much as 3700 acres during the Company's first eight years[5], using the "bushels-per-acre" leases common to Tocantins. These rental acres were expected to allow the Company to achieve sufficient scale during our start-up phase to reduce fixed/overhead costs, and to reinvest profits in the purchase of additional farmland, which would have entirely replaced rental land by the crop year 2012. The strength of the *real* dropped soybean prices[6], and in combination with increases in input costs, eliminated the viability of operating on rented land.

Management abandoned the land rental strategy late in calendar year 2004 due to the drop in soybean prices and a lack of profitability. To offset this "lack of sufficient scale" the Company accelerated its purchase of properties[7], and adopted new strategies.[8]

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STRATEGY #3: USE OF DOMESTIC FINANCING

Implemented: Organizational Business Plan, Jan. 2004

The Company's organizational projections included the use of domestic financing to cover the majority of its annual input costs. To test the viability of this strategy, management worked to secure financing for the crops planted in 2005 and 2006 through both the Banco do Brazil (offering subsidized interest rates) and the international lender, Rabobank. The Company was turned down in both cases, with the primary reason being a lack of "incorporated capital" on Nova Fronteira's Balance Sheet.

Lack of incorporated capital

As of Jan.1, 2007, SASoy had transferred $1,123,300 to Nova Fronteira, $1,024,300 of which was registered as a loan from the parent company (SASoy) to Nova Fronteira, and the remaining $90,000 which was registered as incorporated capital. Although increasing the Company's incorporated capital would likely help the Company's efforts in securing financing, management has been advised that it is very difficult to <u>reduce</u> incorporated capital short of totally liquidating a company, and for this reason, management made the decision to register the vast majority of our capital as "loans".

Land not good chattel

The Company holds clear title to over 3,500 acres, but in Brazil, lenders have difficulty in foreclosing on property held as chattel in the event of default, so they normally attempt to secure loans through more liquid assets.

Bunge is an option

Management explored the option of obtaining input financing from Bunge for the 2006-2007 crop, but due to the lateness of our inquiry, didn't complete the application. However, our primary contact at Bunge indicated that he felt that our Company should be eligible to be approved for financing, so this may be an option for the future. However, management would prefer to either self-finance, or secure financing through non-end user options, as we believe that the Company should maintain maximum flexibility in our

[5] According to the Company's original financial projections under the mid-point capitalization scenario of $1.3M to $1.8M , versus our actual first round capitalization of $1.33M.

[6] See "Prices" under "Strategic Assumption Re-Assessment" for a complete discussion of changes in soybean prices

[7] See "Company History: Dec 2004", beginning on page 25

[8] See "Strategies" "6a", "6b" and "7", beginning on page 22

merchandising options. Flexibility may be even more important now, as beginning with the crop to be harvested in 2007, the Company has at least one additional option to sell our crop, with the expected opening of a Granol facility one hour north of our farms.

Management's assumptions on the availability of domestic financing have proven to be optimistic at best, with the only possible option available to the Company at present being crop-secured input financing from Bunge. Management will continue to explore this source of input financing, but also seeks the option to self-finance by using a portion of a successful second offer, to be conducted in 2007.

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STRATEGY #4: THE LOCATION – TOCANTINS

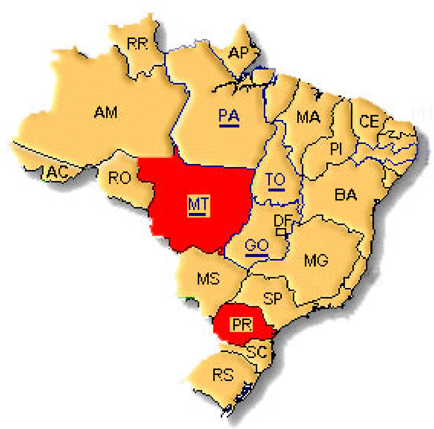
Implemented: Organizational Business Plan, Jan. 2004

		Cerrado / Brush, *Real* / Ha				
State	2002	2003	2004	2005	2006	Change
Parana	$ 1,123	$ 4,462	$ 3,568	$ 2,981	$ 2,866	155%
Tocantins	$ 604	$ 2,368	$ 2,065	$ 1,572	$ 1,546	156%
Mato Grosso	$ 621	$ 842	$ 755	$ 579	$ 570	-8%

		Hi Yield Soy or Grain, *Real* / Ha				
State	2002	2003	2004	2005	2006	Change
Parana	$ 13,781	$ 21,260	$ 15,801	$ 11,812	$ 11,384	-17%
Tocantins	$ 1,745	$ 4,305	$ 3,754	$ 2,810	$ 2,773	59%
Mato Grosso	$ 3,720	$ 6,317	$ 8,413	$ 6,215	$ 5,934	60%

		Improved Pasture, *Real* / Ha				
State	2002	2003	2004	2005	2006	Change
Parana	$ 2,917	$ 4,513	$ 4,600	$ 4,236	$ 3,990	37%
Tocantins	$ 688	$ 1,167	$ 1,322	$ 1,335	$ 1,297	89%
Mato Grosso	$ 1,488	$ 1,990	$ 2,532	$ 2,533	$ 2,341	57%

The Company's organizational business plan identified Araguacu, Tocantins as the target location for the Company's first real estate investments, and as of Jan. 1, 2007, the Company had purchased 3,621 acres in that municipality. The location was selected for its agronomic potential, in combination with the potential for appreciation in real estate values in the area.[9] As stated in the review of competitive advantages, management remains convinced of both the agronomic and capital appreciation potential of property in this region. To get some perspective on comparative land values nationwide, the tables above contain historical data[10] on values from the past five years from Tocantins and two other leading Brazilian agricultural states, for three distinctive types of land.



Parana (PR)

The state of Parana is located in Brazil's southern agricultural region. This region contains well developed infrastructure and soils, and property values are significantly higher than in the expansion regions to the north. A close proximity to Brazil's ports is a significant advantage for producers in this region, creating higher

[9] See "Lower Land Prices with a significant potential for appreciation" under the section "Competitive Advantages Review" for additional discussion on this topic – page 15

[10] Data assembled from the Agrianual2007 and Agrianual2005, published by the Instituto FNP

net soybean prices. Even so, these higher farm values have suffered the most during the recent downturn in soy prices, with prices for soy and grain farms falling 46% from their peak levels in 2003.

Mato Grosso (MT)
Mato Grosso is the #1 soybean producing state in the #1 soybean producing region—the Center-West. The state is geographically large, with soybean production developing in large "pockets" throughout the state. Where production has developed, it is being practiced at a scale seen few other places in the world. Farms are large and after several years of fertilization and cropping, the soils are very productive. Mato Grosso's Achilles heal is a lack of transportation, as the majority of soybeans have to be transported to market over a thousand miles via truck, resulting in high freight costs and lower net prices for soybeans in the state. Although prices for farms have slipped in the last three years due to low soybean prices, farmland prices still have increased by 60% from levels in 2002.

Tocantins (TO)
Starting in 2002, domestic and international investors began to take notice of the low land values in Tocantins, and the potential for converting the state's cerrado and pastureland into soybean production. Although prices have slipped from the levels seen in 2004, land prices for soybean farms have increased by 59% over the past five years, almost on par with the increases in Mato Grosso.

Cheaper land, with potential for appreciation
More importantly, average prices for soy farms in Tocantins remain at just 47% of the prices in Mato Grosso, and 24% of those in Parana. This reinforces management's expectations for appreciation in the state's land values. Five years ago, one hectare of land (on a grain farm) in Mato Grosso was selling for just 27% of what it would cost in Parana—today it sells for 53%. Management believes that land in Tocantins is following a similar path of increasing values.

Continuing opportunity to develop land
Prices for improved pasture in Tocantins have increased by 89% over the past five years, and still remain valued at just over ½ of the prices in Mato Grosso.

Management remains convinced that the location of our investment in the Municipality of Araguacu, Tocantins, remains the best choice for the Company due to:

- ⇒ ***the continued availability of large tracts of land to purchase at low(er) prices***
- ⇒ ***more potential for capital appreciation via land values***
- ⇒ ***soils that have the capacity to produce at levels comparable to other regions[11].***

- -

[11] See "Comparative Productivity" under the "Competitive Advantage Review" section for a more complete discussion of yields.

STRATEGY #5: RETURNS THROUGH OPERATIONS AND APPRECIATION

Implemented: Organizational Business Plan, Jan. 2004

The Company's strategy has been very successful to-date on the capital appreciation side of the plan to generate ROI, but results are behind schedule on the operations side of the equation.

The return-on-investment projections in the Company's organizational business plan were generated using a combination of operational returns and appreciation in the value of the Company's *real* estate investments. From the appreciation side, this strategy has been successful, as the Company has experienced a 66% increase in the appraised value of its farms, since their purchase in 2004. According to the Feb. 2007 annual appraisal of company properties, SASoy's *real* estate investments have grown in value by 735,703[11] *real* ($350,334 using an exchange rate of 2.1 R/USD) above their original purchase price.

Property	Purchased	Price-R	Feb 05 Appraisal	Feb 06 Appraisal	Feb 07 Appraisal	Annual Change 06	Total Change
NF1	6/2004	867,585.40[12]	1,547,700	1,567.000	1,567,000	+ 9%	**+ 96.9%**
NF2	12/2004	254,057	- -	229,208	229,208	+ 41%	**+ 27.6%**
NF3	12/2004	345,943	- -	407,160	407,160	--	**+ 17.7%**
All	- -	**1,467,585.40**	**- -**	**2,203,368**	**2,203,368**	+11%	**+ 66.2%**

Virgin soils—more appreciation, lower early returns

Due to the low prices for soybeans[13], the company has not yet been able to generate net operational returns. To maximize the potential for *real* estate appreciation, the Company focused its investments on virgin soils. A negative side-effect of virgin soils is their need for high levels of inputs for the first two to three crops, and in the lower-yields typically associated with these "new" soils during the first three to five crops.

But have higher costs of production

These factors created costs-of-production per bushel that exceeded market prices. The Company expected to operate at or below the cost of production for the first two crops, but the lower-than-expected prices for soybeans caused larger losses, and management anticipates that the negative operational returns may continue for an additional year.[14]

Shift to pasture conversions

Although management remains convinced of the overall value of investing in virgin land, our experiences over the past three years lead us to believe that buying and converting pastureland will offer better returns. The price differential between pasture and cerrado often is insufficient to justify the extra costs required to clear the land. In addition, management has found it challenging to determine the quality of thousands of acres of cerrado, inaccessible and covered with brush, before the land is purchased and cleared. Lastly, environmental pressures have created more bureaucratic challenges for converting cerrado areas in cropland, while conversion of pastureland is a much easier process.

Management remains convinced that a return-on-investment driven by a combination of operational returns and capital appreciation is the best strategy for the company to pursue. Furthermore, management reaffirms the strategy of maximizing real estate appreciation through the purchase, development and operation of virgin cropland in Tocantins. Going forward however, management will focus new real estate investment efforts on degraded pasture areas, rather than native cerrado.

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[12] includes 73,500R incurred for the construction of a storage shed

[13] For more on low soybean prices in Tocantins, please review "Soybean Prices", found in the section "Strategic Assumption Re-Assessment" – page 15

[14] Operational losses also were strongly influenced by having too few acres in production to cover fixed/overhead costs. This was also a direct result of the lower-than expected prices for soybeans.

The inability to scale up the tillable acreage of the operation as planned[15], and the low soybean prices,[16] have challenged the Company, as the Brazilian Limitada incurred operating losses, and was unable to provide net returns to cover any of the Company's fixed costs. The Company adopted two new strategies to attempt to manage this situation until operational profits were attained.

STRATEGY #6A: MINIMIZE FIXED/OVERHEAD COSTS

Implemented: 2005 – To replace Strategy #2

In Jan. of 2005, management aggressively moved to reduce all non-essential, overhead-type costs—mostly incurred by the US Company. As a result of these efforts, US based office costs and travel expenses for 2006 were reduced by 63% from previous year levels. Total non-project based expenses[17] for the US portion of the Company fell by 33% from their levels in 2005.

Going into 2007, management believes additional reductions in overhead costs will be difficult to achieve, as the bulk (75%) of the US Company's non-project based costs are now accrued to professional services and management costs (both cash and non-cash compensation in Class B units). In addition, carrying our Strategy #7, the Private Equity Offer scheduled to occur in March-April of 2007, will increase costs (meeting room rentals, printing, postage, phone calls, travel expenses), and these additional costs will cause an increase in the US Company's non-project based costs.

Management reconfirms that the cost reduction strategy has been successful, however additional reductions are unlikely, and overhead costs are likely to increase slightly in 2007 due to the Private Equity Offer. Management will continue to focus on holding all overhead costs not affected by the Private Equity Offer, at or below current levels.

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STRATEGY #6B: GENERATE NET-REVENUES WITH US BASED SERVICES

Implemented: 2004 – To replace Strategy #2

Management began seeking opportunities to generate net revenues through the offering of US based services late in 2005.

CropWatchers

Our first effort secured a contract with the Illinois Farm Bureau to provide weekly crop reports from Brazilian farmers. This effort, now known as the Brazilian CropWatcher Program, is in its third year, and has been expanded to include ten reporters from nine states in Brazil, providing 25-26 reports each year. The reports are now delivered weekly to Farm Bureau members in both Illinois and Iowa, and the program also receives partial support from the Illinois Soybean Association. Production of the report is accomplished by a contractor in Brazil, in combination with weekly contributions from the General Manager.

In calendar year 2006, 68% of the Company's net revenues from all projects were generated by the CropWatchers program. The Company has worked to "leverage" success in this project by

[15] See Strategy 2: Renting Land To Achieve Scale on page 18 for additional information on scale of operations

[16] See Assumption #2 in the Strategic Assumption reassessment for a complete discussion of the issues causing this situation. – page 15

[17] For a complete discussion of projects, income and expenses, see Strategy #6b in the Strategy Re-Assessment Section – page 22

attempting to expand to other mediums (radio), and to add new clients beyond the IL and IA Farm Bureau, but to date, management has been unsuccessful in those efforts. **The Company will seek to maintain the quality of the product and the level of profitability for the company from this project.**

Farm Management & Investment Services

The Company introduced a new program early in 2005, offering investment and management services to individuals and entities seeking to invest in Brazilian agricultural properties. Company representatives have held discussions with several prospective clients regarding this program; however the unfavorable exchange rate[18] and the low soybean prices in Brazil over the past two years made investments into Brazil less appealing. **The Company will continue to offer these services, as demand warrants.**

Brazilian Farm Report

In Jan. of 2005, what started as a promotional tool for our Farm Management & Investment Services was converted into a subscription-based newsletter. Offering six issues per year focused on the Brazilian agricultural sector, the subscriber base has increased steadily. Content is developed by a Brazilian contractor, with the General Manager formatting the newsletter and managing the subscription and delivery process. Over ¾ of the subscriptions are electronic, so the overall production costs are low. Net revenues from the Farm Report accounted for 12% of the Company's total project based net-revenues. The Company has experimented with cooperative agreements with farm periodicals and farm radio networks to expand the subscriber base of the newsletter, with limited success. **Management will continue to work to "grow" subscribers and net revenues from this product.**

Oh what a tangled web we must weave, when the full picture we try to perceive. This was our feeling when we began to analyze all the interactions between soybeans and sugarcane – and to what degree the latter may affect the immediate and long-term future of soybeans in Brazil, and its impact on farmland prices.

In our previous issue we gave you an overview of the upcoming Brazilian bean harvest. Sugarcane was mentioned more than a few times, as one of the major reasons for a potential decrease in Brazilian soybean output. Thus, we thought it would be good to follow up with an analysis of sugar cane and its impact on Brazilian agriculture.

We start you off with The Right Conditions, a short history of how sugar cane arrived, and prospered, in Brazil, and we follow that up with Raising Cane, a primer on growing sugar and ethanol in Brazil.

In Soy or Sugar? we dig into the competition for acres between these two crops in Brazil, and then in Farmland Prices, we take a look at how all of this is affecting the prices for agricultural real estate in both the south, and north, of the country.

See Brazilian farms with SASoy

South American Soy just completed two very successful agricultural tours to Brazil, and if you really want to get the inside story on Brazilian agriculture, these tours are a chance of a lifetime. We are planning for next year's tours now, so put "signing up for SASoy's Brazilian Ag tours" on your list of "things to do." And for a peek at what our CropWatcher Tour participants got to see and do during their 12 days in Brazil, check out our trip blog at www.SASoy.Com/CWBlog.

Investor meetings

Also plan now to join South American Soy for one our upcoming investor meetings to be held at locations around the state of Illinois the week of March 19th. We will drop you a note when we have the times, and locations finalized.

Until next time...
Phil Corzine
Editor
Brazilian Farmland Report
BFR@SASoy.Com

Agricultural Tours

The Company conducted its first member tour in Feb. of 2006 and reviews from participants were extremely positive. In Jan. and Feb. of 2007, the Company conducted two tours to Brazil, the first a Member/Frontier Tour to our farms in Tocantins, and the second associated with our CropWatchers program. The tours were again well received, and plans are underway for next year's tours. The tours allow members to see their investments first-hand, expose non-members to our Company and farms, and provide publicity for the Company's efforts—useful for soliciting new members for future membership drives. ***Management is attempting***

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[18] See Assumption #1 under the section, Strategic Assumption Re-Assessment for a complete discussion of challenges created for Brazilian agriculture as a result of changes in the exchange rate. – page 14

to structure future tours to allow the Company to achieve "breakeven or better" for future Member Tours, and to derive a 10% or greater net margin from future CropWatcher Tours

Overall, the Company's income generation strategy has been successful, and still holds the promise of expansion to generate additional net revenues. The limiting factor is that all projects are being conducted with significant contributions of time by management. Given the amount of work inherent to managing the core business and the existing "services", it is not be feasible for management to take on additional workloads, so future projects will need to be sufficiently profitable to cover the cost of additional contractors to undertake the majority of all additional work.

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STRATEGY #7: ATTRACT NEW MEMBERS AND CAPITAL

Implemented: March-April 2007

As of result of the issues discussed previously in the reviews of the strategic advantages, assumptions and strategies, the Company's net cash reserves have fallen to a level that will make it difficult for the Company to efficiently and quickly develop and operate the farms purchased to date. In addition as discussed previously, management believes that Brazilian soybean prices are likely to increase[19], possibly significantly, and management would like to position the Company to be prepared to produce on the maximum tillable area possible to capture these profit opportunities, should they materialize.

For these reasons, the Company is moving to solicit new members for the Company for a period of time during calendar year 2007. Members approved an amendment to the Operating Agreement allowing in new members, and the Company has a total of 300 Class A units to be offered to new or current members during this offer, set to open on March 1, 2007.

The offer could add from $0 - $3,600,000. New capital will be used to finish clearing and developing current properties (up to $100,000), purchase additional needed farm machinery ($50,000 - $300,000) and create a revolving pool for internal loans for operational expenses in Brazil ($400,000). If new capital of over $1M is secured during this drive, the Company will consider purchasing additional *real* estate properties for development in Brazil.

Management believes that the additional capital should, in the case of a minimal subscription of new members, significantly improve the level of the Company's operating cash and in the case of a more significant total subscription, allow the company to immediately increase operational scale.

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[19] See Strategic Assumption#2: Prices, for a more complete discussion of management's expectations for Brazilian soybean prices. – page 15

The Company: History

Aug 2003 - Legal Formation and Start of Operations
An Illinois based Limited Liability Company, South American Soy, LLC, was formed by Phil Corzine, Kent Sorrells, Brad Glenn and Neige Caiapo, for the purpose of investing in and operating Brazilian agriculture..
Sept 2003 - Exploratory Trip
After researching regions with potential for investment (Mato Grosso, Goias, Minas Gerias, Tocantins, Piaui), management visited multiple locations in the states of Goias and Tocantins. Following the visit, the company rented a small pasture of 21 hectares (51 acres) just outside the city of Aruaguacu Tocantins from Silvio Caiapo, a farmer and resident of the same city.
Nov. 2003 – First Crop Planted
South American Soy hired Silvio Caiapo as its Tocantins Farm Manager, and as a pilot project, converted their rented pasture to cropland, and planted its first 21 hectares of soybeans using rented machinery.
Jan 2004 – Nova Fronteira Formation
South American Soy formed a company organized under Brazilian laws as a Limitada, Nova Fronteira South American Agricultura Sociedade Limitada. South American Soy holds 99% of the capital in this Limitada, and Neige Caiapo, Operational Manager for South American Soy, serves as the Resident Manager of Nova Fronteira, and holds 1 unit. She has subsequently pledged this unit, and any earnings from the same, to South American Soy, via a contract held in the US.
Feb.– Sept. 2005 – SA Soy Adds New Members and Capital
During this nine month period, the company welcomed 85 new members into the company, who purchased 133 Class A Units, bringing $1,310,000 in new capital to the company.
May 2004 – First Harvest
Nova Fronteira harvested its' first crop of soybeans, 21 ha. of first year soybeans grown on converted pasture, with yields of 22 sacs per ha. (20 bu. / acre)
June 2004 – Purchase First Farm
Nova Fronteira entered into a 1 year contract-for-deed to purchase 972.84 hectares (2,404 acres) known as Fazenda Campo Grando, located 23 kilometers east and north of the city of Araguacu Tocantins, contracted at R800,000, equal to approximately $258,000 with the exchange rate in effect at the time. The farm currently has 95 ha. (235 acres) tillable, with an area that can be opened of an additional 400+ ha (988 acres) that can be cleared, once a permit is secured, for an estimated total tillable area of 500+ ha. (1,235 acres). With the exchange rate in effect at the time (3.10), the farm was purchased on a total area basis for R822 per hectare ($107 per acre), or on estimated tillable area basis of R1,616 per hectare ($200 per tillable acre). The farm had a full enclosure fence, and a small worker house, with a well and electricity. The company designated this farm as NF1.
June – Nov 2004 – First Machinery Purchased
Nova Fronteira purchased it's first machinery: a barely-used 180 hp tractor, a used 75 hp tractor, a new heavy disc and a new light disc, a used planter, and two used bulldozers for clearing, as well as some wagons, fuel tanks, and tools.
Sept-Oct. 2004 Machine Shed Constructed
The company purchased a metal machine and input storage shed, which was constructed on NF1.
Nov 2004 – CropWatcher Program Begins
South American Soy contracts with the IL Farm Bureau to provide weekly CropWatcher reports from 5 Brazilian farmers, for their weekly publication.
Nov-Dec 2004 – Second Crop Of Beans Planted
The company planted its' second crop, 21 ha. of second year soybeans on the rented farm outside the city of Araguacu and 95 ha of first year soybeans on NF1, 116 ha. planted in total (286 acres).
Dec 2004 – Second & Third Farm Purchased
Nova Fronteira purchased two farms located just east of NF1. The farms were negotiated for and purchased as one unit, but are deeded separately.
NF2
This farm contained a total of 185.6723 ha (459 acres), and contained a large area of open pasture. The company paid R254,057 ($95,871 at the existing exchange rate of 2.65R/US) for the farm, or R1,368R per total ha. ($209 per acre). This farm did not yet have a Legal Reserve established. Once the pasture

is converted, and without creating a reserve area, the farm would have approximately 108.3306 tillable ha. (268 acres), putting the tillable area per unit cost at R2,345 per hectare or $358 per acre.

NF3

NF 3 shares a border with NF 2, and encompasses 252.825 ha (625 acres), with nearly the entire area being native cerrado (brush). Nova Fronteira paid R345,943 for the farm, or $130,544 for the farm (exchange rate of 2.65 per dollar). On the basis of total area, the company paid R1,368 per ha, or $209 per acre. After establishing a legal reserve and clearing, the farm has 153.0807 ha tillable (378 acres), putting the per tillable unit cost on this farm at $853 per hectare or $345 per acre.

Jan 2005 – Brazilian Farm Report Issue #1

South American Soy starts a new bi-monthly newsletter focused on Brazilian agriculture.

Mar. 2005 –Annual Meeting, Director Elections

South American Soy held its first annual meeting of the membership in Bloomington IL. Elected to the S.A.Soy board as representatives of Class A unit holders was Don Huftalin and Phil Frank.

Mar – Aug, 2005 – Clearing & Opening NF 2 and 3

Clearing operations began after securing a permit to clear the legal areas on NF3. In addition, the pasture areas on NF 2 were opened and cleared.

May 2005 – Second Harvest

The second harvest was completed in May, and our 21 hectares of second year soybeans came in at 39.9 sacs per ha (36 bushels per acre). Planting was rushed on our first year soybeans on NF 1 due to the purchase of the farm only a few months ahead of planting, and the compacted pastures soils yielded 17 sacs per ha. (15 bushels per acre).

July 2005 – Director Farm Visit

New directors of S.A.Soy visited the Tocantins farms and while there, hosted a "4th of July" celebration for neighboring farmers and local and state dignitaries.

Sept 2005 – New Planter

A new Baldan no-till planter was purchased to improve seeding operations, and to prepare for the move to no-till planting.

Nov-Jan 2005 – 3rd Crop Planted

Nova Fronteira planted its' biggest crop of soybeans to date. Dryness delayed the start of planting until early Dec, and was completed in early Jan.

Pilot/Rental:	21 ha. – 3rd year soybeans, no-till
NF 1:	93 ha. – 2nd year soybeans, conventional
NF2/3:	95 ha. – 1st year soybeans, conventional
Total:	209 ha. (516 acres)

Nov 2005 - CropWatcher Program Expands

The Cropwatcher program expands to 10 Brazilian farmers reporting weekly, and begins providing reports to the IA Farm Bureau's weekly member publication.

Feb 2006 – First Member Tour

15 S.A. Soy member and non-members visit the Company's Tocantins farms, as part our first a Brazilian agricultural Member tour.

March 2006 – 2nd Annual Meeting

The company held its' annual member meeting at Grand Bear Lodge near Starved Rock State Park.

April 2006 – Harvest #3

The company's third harvest brought promising results:

Pilot/Rental: 21 ha.– 36 sacs/ha (32.4 bu./acre)
yields were reduced by poor germination due to a drought after planting
NF 1: 93 ha. – 45.9 sacs/ha (41.3 bu/acre)
area yields ranged from 42-50 sacs per ha
NF2/3: 95 ha. – 31.4 sacs/ha (28.2 bu/acre)
area yields ranged from 26-36 sacs per ha
Total: 209 ha. (516 acres) 38.3 sacs/ha (34.5 bu/acre)

Sept 2006 – NF 1 Clearing Permit

After navigating a long regulatory and bureaucratic process, a permit to clear the remaining un-opened areas on NF 1 was secured.

Dec 2006 – 4th Crop Planted

Reducing acreage slightly due to the low soy prices created by the weakness of the US Dollar vs. the *real, the Company planted 93 ha. of third-year soy on NF 1, and 47 ha. on NF2/3, for a total planted area of 140 ha. (346 acres).*

Jan 2007 – 2nd Frontier/Member Tour

11 SASoy members and interested parties traveled to SASoy's Tocantins farms, and the rainforest during a 12 day tour.

Feb 2007 – 1st CropWatcher Study Tour

Participants from Illinois, Iowa and Virginia visited three of the Brazilian Cropwatchers, touring 5 states during the 11 day tour.

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Units / Definitions / Conversions

1 US soybean bushel = 60 pounds
1 BR soybean bag or sac = 60 kg
1 kg. = 2.20462 lbs.
1 BR soybean bag or sac = 2.20462 US Bushels
1 metric ton = 1.1023 short tons
1 metric ton = 2,204.6 pounds
1 metric ton = 36.743 bushels
1 US ton = 2000 lb
1 acre = 0.405 hectares
1 hectare = 2.471 acres
1 BR bag or sac / ha = .8922 US bushel / acre
1 US bushel / acre = 1.12 BR sacs or bags / ha.

CLIENT'S COPY

Form **LLC-5.5**
March 2002

Jesse White
Secretary of State
Department of Business Services
Limited Liability Company Division
Room 351, Howlett Building
Springfield, IL 62756
http://www.ilsos.net

Payment must be made by certified check, cashier's check, Illinois attorney's check, Illinois C.P.A.'s check or money order, payable to "Secretary of State."

Illinois
Limited Liability Company Act
Articles of Organization

SUBMIT IN DUPLICATE
Must be typewritten

This space for use by Secretary of State

Date 08-15-2003
Assigned File # 00983616
Filing Fee $400.00
Approved: TB

This space for use by Secretary of State

FILED
AUG 15 2003
JESSE WHITE
SECRETARY OF STATE

1. Limited Liability Company Name: South American Soy, LLC

(The LLC name must contain the words limited liability company, L.L.C. or LLC and cannot contain the terms corporation, corp., incorporated, inc., ltd., co., limited partnership, or L.P.)

2. If transacting business under an assumed name, complete and attach Form LLC-1.20.

3. The address of its principal place of business: (Post office box alone and c/o are unacceptable.)
1414 N 2400 East Road
Assumption, Illinois 62510

4. The Articles of Organization are effective on: (Check one)

a) ✔ the filing date, or b) ______ another date later than but not more than 60 days subsequent to the filing date: ______________ (month, day, year)

5. The registered agent's name and registered office address is:

Registered agent:	Saint Law Group, P.C.		
	First Name	*Middle Initial*	*Last Name*
Registered Office: (P.O. Box and c/o are unacceptable)	115 W. Jefferson St., Ste. 303		
	Number	*Street*	*Suite #*
	Bloomington	61701	McLean
	City	*ZIP Code*	*County*

6. Purpose or purposes for which the LLC is organized: Include the business code # (IRS Form 1065).
(If not sufficient space to cover this point, add one or more sheets of this size.)

"The transaction of any or all lawful business for which limited liability companies may be organized under this Act."

business code # 111100
oilseed and grain farming

7. The latest date, if any, upon which the company is to dissolve perpetual.
(month, day, year)

Any other events of dissolution enumerated on an attachment. (Optional)

LLC-5.5

8. Other provisions for the regulation of the internal affairs of the LLC per Section 5-5 (a) (8) included as attachment:
If yes, state the provisions(s) from the ILLCA. ☐ Yes ☑ No

9. a) Management is by manager(s): ☑ Yes ☐ No
If yes, list names and business addresses.

Bradley N. Glenn	4926 E 1000 North Road, Stanford, IL 61774
Phil Corzine	1414 N 2400 East Road, Assumption, IL 62510
Kent Sorrells	209 E Jaeger, Box 675, Raymond, IL 62560

b) Management is vested in the member(s): ☐ Yes ☑ No
If yes, list names and addresses.

10. I affirm, under penalties of perjury, having authority to sign hereto, that these articles of organization are to the best of my knowledge and belief, true, correct and complete.

Dated August 13 (Month/Day), 2003 (Year)

Signature(s) and Name(s) of Organizer(s)	**Business Address(es)**
1. *Signature*	1. 115 W. Jefferson St., Ste. 303 *Number Street*
Thomas A. Jennings, Organizer *(Type or print name and title)*	Bloomington *City/Town*
(Name if a corporation or other entity)	Illinois *State* 61701 *ZIP Code*
2. *Signature*	2. *Number Street*
(Type or print name and title)	*City/Town*
(Name if a corporation or other entity)	*State ZIP Code*
3. *Signature*	3. *Number Street*
(Type or print name and title)	*City/Town*
(Name if a corporation or other entity)	*State ZIP Code*

(Signatures must be in ink on an original document. Carbon copy, photocopy or rubber stamp signatures may only be used on conformed copies.)

Limited Liability Company Operating Agreement
of
South American Soy, LLC

This Operating Agreement ("Agreement") of South American Soy, LLC (the "Company") is entered into and shall be effective on August 15, 2003, by and among Phil Corzine, Brad Glenn, Kent Sorrells and Neige Caiapo, each individually a "Member" and, collectively, the "Members") on the following terms and conditions.

ARTICLE I
FORMATION AND PURPOSE OF LIMITED LIABILITY COMPANY

SECTION 1.1. Formation of Limited Liability Company.

(a) The Members each hereby agree to form a limited liability company and become a Member of such limited liability company under and pursuant to the provisions of the Act, and the terms and conditions of this Agreement. The fact that the Certificate is on file in the office of the Secretary of State, State of Illinois, shall constitute notice that the Company is a limited liability company. Simultaneously with the execution of this Agreement and the formation of the Company, each of the Members shall be admitted as a member of the Company and each of the Managers shall be admitted as a manager of the Company.

(b) Except as otherwise provided in this Agreement, the rights and liabilities of the Members and the Managers, the management of the business of the Company, and the dissolution and winding up of the Company shall be as provided under the Certificate and the Act.

SECTION 1.2. Name of the Company. The Company's business shall be conducted solely under the name of South American Soy, LLC.

SECTION 1.3. Purposes and Scope of Company.

(a) The purposes of the Company are to acquire, buy, lease, manage, protect, conserve, operate, sell, dispose of, or otherwise deal with (directly or indirectly) farmland in Brazil. The Members further agree to acquire and have the Company manage all the appurtenant rights, easements, and interests in any real property, and such activities as may be incidental thereto, and such other related business as may be agreed upon by the Members. The specifications of a particular type of business herein shall not be deemed a limitation on the general powers of the Company. The Company may own such Property as may be necessary to conduct the Company's business and may engage in any other activities or business incidental or related to furthering its general purpose.

(b) Nothing herein contained shall be deemed in any way or manner to prohibit or restrict the right or freedom of any Member separately, as a separate Person apart from the Company, to conduct any business or activity whatsoever.

(c) No Member shall have any authority to act for or to assume any obligations or responsibility on behalf of any other Member or the Company.

SECTION 1.4. The Certificate. The Certificate has been filed with the Secretary of State of Illinois in accordance with the Act. The Managers each agree to execute, acknowledge, file, record, and/or publish as necessary, such amendments to the Certificate as may be required by this Agreement or by law and such other documents as may be appropriate to comply with the requirements of law for the formation, preservation, and/or operation of the Company.

SECTION 1.5. Principal Place of Business. The principal office and place of business of the Company shall be at 1414 N. 2400 E Road, Assumption, Illinois 62510, or at such other place as is approved by the managers.

SECTION 1.6. Term of Company. The Company shall begin on the day the Certificate is filed with the Secretary of State of Illinois in accordance with the Act and shall continue until the dissolution and complete winding up of the Company pursuant to Article IX.

SECTION 1.7. Definitions. Capitalized words and phrases used in this Agreement have the following meanings:

"Act" means the Illinois Limited Liability Company Act, as amended from time to time (or any corresponding provisions of succeeding law).

"Additional Member" has the meaning set forth in Section 8.3 of this Agreement.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Allocation Year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts that such Member is deemed obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) Debit to such Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).
The foregoing definition of "Adjusted Capital Account Deficit" is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" means, with respect to any Person (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, (iii) any officer, director, general partner, managing member, or trustee of, or Person serving in a similar capacity with respect to, such Person, or (iv) any Person who is an officer, director, general partner, member, trustee, or holder of ten percent (10%) or more of the voting interests of any Person described in clauses (i), (ii), or (iii) of this sentence. For purposes of this definition, the terms "controlling," "controlled by," or "under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning set forth in the initial paragraph of this Agreement.

"Allocation Year" means (i) the period commencing on the Closing Date and ending on December 31, 2003, (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31, or (iii) any portion of the period described in clauses (i) or (ii) for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss, or deduction pursuant to Article III of this Agreement.

"Bankruptcy" means, with respect to any Person, a "Voluntary Bankruptcy" or an "Involuntary Bankruptcy." A "Voluntary Bankruptcy" means, with respect to any Person (i) the inability of such Person generally to pay its debts as such debts become due, or an admission in writing by such Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors, (ii) the filing of any petition or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of such Person or its debts under any law relating to bankruptcy, insolvency, or reorganization or relief of debtors, or seeking, consenting to, or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian, or other similar official for such Person or for any substantial part of its property, or (iii) corporate action taken by such Person to authorize any of the actions set forth previously. An "Involuntary Bankruptcy" means, with respect to any Person, without the consent or acquiescence of such Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or other similar relief under any present or future bankruptcy, insolvency, or similar statute, law, or regulation, or the filing of any such petition against such Person, which petition shall not be dismissed within ninety (90) days, or without the consent or acquiescence of such Person, the entering of an order appointing a trustee, custodian, receiver, or liquidator of such Person or of all or any substantial part of the property of such Person, which order shall not be dismissed within ninety (90) days.

“Board of Managers” means the Managers acting as a group.

"Business Day" means any day that is not a Saturday, Sunday, or a day on which commercial banks in Chicago, Illinois are authorized or obligated by law or executive order to be closed.

"Capital Account" means, with respect to any Member of the Company, the Capital Account maintained for such Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive share of Profits, and any items in the nature of income or gain that are specially allocated to such Interest pursuant to Section 3.2 or Section 3.3 of this Agreement, and the amount of any Company liabilities assumed by such Member or that are secured by any Property distributed to such Member;

(ii) To each Member's Capital Account there shall be debited the amount of money and the Gross Asset Value of any Property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or losses that are specially allocated to such Interest pursuant to Section 3.2 or Section 3.3 of this Agreement, and the amount of any liabilities of such Member assumed by the Company or that are secured by any Property contributed by such Member to the Company; and

(iii) In the event an Interest is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Managers shall determine that it is prudent to modify the manner in which the aggregate Capital Accounts, or any debits or credits thereto are computed in order to comply with such Regulations, the Managers may make such modification. The Managers also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the aggregate Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q) and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

"Capital Contributions" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any Property (other than money) or services contributed to the Company by such Member as determined by the Board of Managers.

"Cash Available for Distribution" means the amount by which the total of the cash on hand and in the Company's bank accounts (excluding Net Cash From Sales or Refinancing) is in excess of the reasonable cash requirements and repair, replacement, and other reserves of the Company. The cash and reserve requirements shall include, but not be limited to, the amounts reasonably required for all Taxes, insurance, debt service, expansion plans and other expenses of the Company, all as determined by the Board of Managers in its sole discretion. In addition, reasonable cash requirements shall include reserves for future acquisitions and development of real estate and other Company business and investment interests. Cash Available for Distribution will not be reduced by Depreciation, and will be increased by any reductions of reserves previously established pursuant to the two sentences of this definition.

"Class A Units" means the Units designated as Class A Units under Section 2.1 of this Agreement.

"Class B Units" means the Units designated as Class B Units under Section 2.1 of this Agreement.

"Certificate" means the certificate of formation filed with the Secretary of State of the State of Illinois pursuant to the Act to form the Company, as originally executed and amended, modified, supplemented, or restated from time to time, as the context requires.

"Closing Date" means the date first above written.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time.

"Company" has the meaning set forth in the initial paragraph of this Agreement.

"Company Minimum Gain" has the same meaning as "partnership minimum gain" set forth in Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"Company Option" has the meaning set forth in Section 8.4(d) of this Agreement.

"Company Option Period" has the meaning set forth in Section 8.4(d) of this Agreement.

"Depreciation" means, for each Allocation Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Allocation Year for federal income tax purposes, except that, if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Allocation Year, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Allocation Year bears to such beginning adjusted tax basis, provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Allocation Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managers.

"Dissolution Event" has the meaning set forth in Section 9.3 of this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fiscal Year" means (i) the period commencing on the Closing Date and ending on

December 31, 2003; (ii) any subsequent twelve-month period commencing on January 1 and ending on December 31; and (iii) the period commencing on the immediately preceding January 1 and ending on the date on which all Property is distributed to the Members pursuant to Article IX of this Agreement.

"Gross Asset Value" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, provided that the initial Gross Asset Value of the Property contributed to the Company on the Closing Date shall be set forth in Section 2.1 of this Agreement;

(ii) The Gross Asset Values of all items of Property shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account) as of the following times: (A) the acquisition of an additional Interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member of more than a de minimis amount of Property as consideration for all or a portion of an Interest in the Company; and (C) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), provided that an adjustment described in clauses (A) and (B) of this paragraph shall be made only if the Managers reasonably determine that such adjustment is necessary to reflect the relative economic interests of the Members in the Company;

(iii) The Gross Asset Value of any item of Property distributed to any Member shall be adjusted to equal the gross fair market value (taking Code Section 7701(g) into account) of such item on the date of distribution;

(iv) The gross fair market value of a publicly traded security shall equal its Market Value;

(v) The Gross Asset Value of each item of Property shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and subparagraph (vi) of the definition of "Profits" and "Losses" or Section 3.2(c) of this Agreement, provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (v) to the extent that an adjustment pursuant to subparagraph (ii) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (v).
If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (i), (ii), or (v), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

"Interest" means any interest in the Company representing the Capital Contributions made by a Member or its predecessors in interest, including any and all benefits to which the holder of such an interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

"Involuntary Bankruptcy" has the meaning set forth in the definition of "Bankruptcy."

"Issuance Items" has the meaning set forth in Section 3.2(h) of this Agreement.

"Liabilities" means any liabilities or obligations of any nature, whether accrued, contingent, or otherwise.

"Managers" means any Person (i) Phil Corzine, Brad Glenn, Kent Sorrells and Neige Caiapo, or any Person who is elected by the Members as a substituted or additional Manager pursuant to the terms of this Agreement and (ii) who has not ceased to be a Manager.

"Market Value" means, with respect to any debt or equity security held by the Company, as of any date, (i) if such security is registered under the Exchange Act and listed on a national securities exchange or included on The Nasdaq Stock Market[SM] ("NASDAQ"), the closing sales price on the Business Day immediately preceding such date, and (ii) if such security is not traded on a national securities exchange or listed on NASDAQ or the value otherwise cannot be determined under clause (i), the average of the firm prices bid for such date quoted by five nationally recognized securities dealers (discarding the high and low bid from among such bids), in each case for the full amount of the specific security for which the Market Value is being determined.

"Member" means any Person (i) who is referred to as such in the first paragraph of this Agreement, or who has become a Substituted or an Additional Member pursuant to the terms of this Agreement and (ii) who has not ceased to be a Member.

"Member Nonrecourse Debt" has the same meaning as the term "partner nonrecourse debt" set forth in Regulations Section 1.704-2(b)(4).

"Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

"Member Nonrecourse Deductions" has the same meaning as the term "partner nonrecourse deductions" set forth in Regulations Sections 1.704-2(i)(1) and 1.704-2(i)(2).

"Member Options" has the meaning set forth in Section 8.4(e) of this Agreement.

"Member Option Period" has the meaning set forth in Section 8.4(e) of this Agreement.

"NASDAQ" has the meaning set forth in the definition of "Market Value."

"Net Cash From Sales or Refinancing" means the net cash proceeds from all sales or other dispositions (other than in the ordinary course of business) and all refinancings of Property less any portion thereof used to establish reserves, all as determined by the Managers. The term includes all principal and interest payments with respect to any note or other obligation received by the Company in connection with sales and other dispositions (other than in the ordinary course of business) of Property.

"Nonrecourse Deductions" has the meaning set forth in Regulations Sections 1.704-2(b)(1) and 1.704-2(c).

"Nonrecourse Liability" has the meaning set forth in Regulations Section 1.704-2(b)(3).

"Percentage Interest" means, with respect to any Member, the number of Units held from time to time by such Member divided by the total number of outstanding Units. In the event that any Interest is transferred in accordance with the provisions of this Agreement, the transferee of such Interest shall succeed to the Percentage Interest of his transferor to the extent it relates to the Transferred Interest.

"Person" means any individual, partnership (whether general or limited), limited liability company, corporation, trust, estate, association, nominee, or other entity.

"Profits" and "Losses" mean, for each Allocation Year, an amount equal to the Company's taxable income or loss for such Allocation Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Property is adjusted pursuant to subparagraphs (ii) or (iii) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the Property) or an item of loss (if the adjustment decreases the Gross Asset Value of the item of Property) from the disposition of such Property and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Year, computed in accordance with the definition of "Depreciation";

(vi) To the extent an adjustment to the adjusted tax basis of any item of Property pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the item of Property) or loss (if the adjustment decreases such basis) from the disposition of such item of Property and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Notwithstanding any other provision of this definition, any items that are specially allocated pursuant to Section 3.2 or Section 3.3 of this Agreement shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Sections 3.2 and 3.3 of this Agreement shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (vi) above.

"Property" means all real and personal property acquired by the Company, including cash, and any improvements thereto, and shall include both tangible and intangible property.

"Regulations" means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations are amended from time to time.

"Regulatory Allocations" has the meaning set forth in Section 3.3 of this Agreement.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Subsidiary" with respect to any Person, means any other Person as to which more than fifty percent (50%) of the voting power or value is owned, whether directly or indirectly through one or more Subsidiaries, by such Person.

"Substituted Member" has the meaning set forth in Section 8.3 of this Agreement.

"Taxes" means any and all taxes (including net income, gross income, franchise, ad valorem, gross receipts, sales, use, property, and stamp taxes), levies, imposts, duties, charges, assessments, or withholdings of any nature whatsoever, general or special, ordinary or extraordinary, now existing or hereafter created or adopted, together with any and all penalties, fines, additions to tax, and interest thereon.

"Transfer" means, as a noun, any voluntary or involuntary (including pursuant to judicial order (including a qualified domestic relations order), legal process, execution, attachment or enforcement of any pledge, trust, or other security interest) transfer, sale, exchange, assignment, pledge, hypothecation, other encumbrance, gift, bequest, grant of a security interest, or any other alienation or disposition and, as a verb, voluntary or involuntarily (including pursuant to judicial order (including a qualified domestic relations order), legal process, execution, attachment, or enforcement of any pledge, trust, or other security interest) to transfer, sell, exchange, assign, pledge, hypothecate, encumber, give, bequeath, grant a security interest in, or otherwise alienate or dispose of. The term includes any such action whether taken directly by transferor or indirectly by, for, or on behalf of the transferor by any other Person including by an executor, personal representative, receiver, trustee, custodian, administrator, or similar official.

"Units" or "Unit" means an interest in the Company, including any and all benefits to which the holder of such Units may be entitled as provided in this Agreement, together with all obligations of such holder to comply with the terms and provisions of this Agreement.

"Voluntary Bankruptcy" has the meaning set forth in the definition of "Bankruptcy."

ARTICLE II
CAPITALIZATION AND FINANCING OF THE COMPANY

SECTION 2.1. Initial Contributed Capital. The aggregate Gross Asset Value of each Member's initial Capital Contribution and the Units held by each Member (including the designation of such Units as Class A Units or Class B Units) shall be as set forth opposite such Member's name on Schedule A hereof. Each Member shall make his Capital Contribution on the Closing Date. Any Capital Contribution in the form of cash shall be made by wire transfer of immediately available funds or in any other manner acceptable to the Company.

SECTION 2.2. Withdrawals of Capital. No Member may withdraw any part of his or her Capital Contribution or receive any distributions from the Company except upon dissolution of the Company and as specifically provided by this Agreement.

SECTION 2.3. Loans to Company. No Member shall lend or advance money to or for the Company's benefit without the approval of the Managers. If any Member, having first obtained the requisite approval and consent, lends money to the Company in addition to his or her Capital Contribution, the loan shall be a debt of the Company to that Member, and shall bear a market rate of interest to be determined by the Managers. The liability shall not result in an increase in the lending Member's Capital Account, and it shall not entitle the lending Member to any increased share of the Company's net income, distributions, or voting rights.

SECTION 2.4. **Transference of Class B Units**. Class B units cannot be transferred until the annually assessed value of Class A units has reached or exceeded $10,000.00 per unit during at least one annual audit. This restriction is not applicable any time following the Class A units having reached or exceeded $10,000.00 per unit during such annual audit. Class B unit holders shall have the right to transfer any portion of their interest to any spouse or descendant of himself or herself or to a trust for the benefit of one or more of such persons. Any Class B unit holder's personal representative, legatee, or surviving joint owner of such Class B units shall be subject to the restriction that the Class B units cannot be otherwise transferred until the Class A units have reached or exceeded the $10,000.00 per unit limit discussed above.

SECTION 2.5. **Repurchase Opportunities**.

(a) During Company Unit Repurchase Opportunities, the total amount appropriated for repurchases by the Board will be divided between Class A and B units on the basis of the percent outstanding of each class of units, as a percent of the total units (Class A & B) outstanding at that point in time of the repurchase opportunity.

(b) If Class B Unit Repurchase requests exceed the total amount appropriated for Class B Unit Repurchases (per the division of repurchase capital delineated in section a above), requests for Class B Unit Repurchases will be allocated evenly among all requests. If the available capital for Class B Repurchases results in an indivisible number of available units to repurchase, any "odd" unit repurchase opportunities will be offered to the Class B unit holder having redeemed the lowest percent of their total units owned to date, from the inception of the company.

ARTICLE III
ALLOCATIONS; DISTRIBUTIONS; DRAWING ACCOUNTS

SECTION 3.1. Profits and Losses. After giving effect to the special allocations set forth in Sections 3.2 and 3.3, the Profits and Losses for any Allocation Year shall be allocated among the Members in proportion to their Percentage Interests.

SECTION 3.2. Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding any other provision of this Article III, if there is a net decrease in Company Minimum Gain during any Allocation Year, each Member shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 3.2(a) is intended to comply with the minimum gain chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this Article III, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Allocation Year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 3.2(b) is intended to comply with the minimum gain chargeback requirement in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event that any Member unexpectedly receives any adjustments, allocations, or distributions described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 3.2(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article III have been tentatively made as if this Section 3.2(c) were not in this Agreement.

(d) Gross Income Allocation. In the event that any Member has an Adjusted Capital Account Deficit at the end of any Allocation Year, each such Member shall be allocated items of Company income and gain in the amount of such deficit as quickly as possible, provided that an allocation pursuant to this Section 3.2(d) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit in excess of such sum after all other allocations provided for in this Article III have been tentatively made as if Section 3.2(c) and this Section 3.2(d) were not in this Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any Allocation Year shall be specially allocated among the Members in proportion to their Percentage Interests.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of such Member's Interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their Interests in the Company in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(h) Allocations Relating to Taxable Issuance of Interests. Any income, gain, loss, or deduction realized as a direct or indirect result of the issuance of an Interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

SECTION 3.3. Curative Allocations. The allocations set forth in Sections 3.2(a), 3.2(b), 3.2(c), 3.2(d), 3.2(e), 3.2(f), and 3.2(g) (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, the Regulatory Allocations shall be offset either with special allocations of other items of Company income, gain, loss, or deduction pursuant to this Section 3.3. Therefore, notwithstanding any other provision of this Article III (other than the Regulatory Allocations), the Managers shall make such offsetting special allocations of Company income, gain, loss, or deduction in whatever manner the Managers determine appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of this Agreement and all Company items were allocated pursuant to Sections 3.1 and 3.2 (other than the Regulatory Allocations).

SECTION 3.4. Other Allocation Rules.

(a) Profits, Losses, and any other items of income, gain, loss, or deduction shall be allocated to the Members pursuant to this Article III as of the last day of each Fiscal Year, provided that Profits, Losses, and such other items shall also be allocated at such times as the Gross Asset Values of Property are adjusted pursuant to subparagraph (ii) of the definition of "Gross Asset Value."

(b) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Managers using any permissible method under Code Section 706 and the Regulations thereunder.

(c) The Members are aware of the income tax consequences of the allocations made by this Article III and hereby agree to be bound by the provisions of this Article III in reporting their shares of Company income and loss for income tax purposes, except as otherwise required by law.

(d) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Members' interest in the Company's Profits are in proportion to their Percentage Interests.

(e) To the extent permitted by Regulations Section 1.704-2(h)(3), the Managers shall endeavor to treat distributions of Cash Available for Distribution and distributions of Net Cash From Sales or Refinancing as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

(f) In the event that the Company has taxable income that is characterized as ordinary income under the recapture provisions of the Code, each Member's distributive share of taxable gain or loss from the sale of Company assets (to the extent possible) shall include a proportionate share of this recaptured income equal to the Member's share of prior cumulative depreciation deductions with respect to the assets that gave rise to the recapture income.

SECTION 3.5. Tax Allocations: Code Section 704(c). In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of "Gross Asset Value") using the "traditional method" pursuant to the Regulations under Code Section 704(c). In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of "Gross Asset Value," subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder. Any elections or other decisions relating to such allocations shall be made by the Managers in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 3.5 are solely for purposes of federal, state, and local Taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

SECTION 3.6. Determination of Profits and Losses. The Company's Profits or Losses for each Allocation Year shall be determined as soon as practicable after the close of that Allocation Year.

SECTION 3.7. Reports. The Managers shall prepare, or cause to be prepared, all tax returns that must be filed on behalf of the Company with any taxing authority and make timely filing thereof. The cost thereof shall be borne by the Company.

SECTION 3.8. Company Expenses. All legal fees (except legal fees and expenses incurred by each Member individually in connection with the formation and organization of the Company), architectural, engineering, consulting, and other similar fees and expenses reasonably incurred by the Managers in connection with the operation of the Company shall be deemed Company expenses and shall be reimbursed out of Company funds when such expenses and fees have been approved by the Managers.

SECTION 3.9. Distributions of Net Cash From Sales or Refinancing. Except as otherwise provided in this Agreement, Net Cash From Sales or Refinancing shall be distributed, at such times as the Managers may determine, to the Members in proportion to their respective Percentage Interests.

SECTION 3.10. Cash Distributions to Members. Except as otherwise provided in Article IX, the Company's Cash Available for Distribution shall be determined and distributed at such times as the Managers may, in the Managers' sole discretion, determine that funds are available and earnings may be retained by the Company and transferred to Company capital for the reasonable needs of the business as determined in the sole discretion of the Managers. Any distributions of Cash Available for Distribution shall be in the following order of priority:

(a) To Members in proportionate amounts sufficient to cover Taxes owed by the Members as a result of the income and operations of the Company. In making this distribution, the greater of (i) the highest income tax rate for married individuals filing jointly or (ii) the trust rate shall be assumed to be the applicable tax rate for each Member.

(b) Finally, any remaining Cash Available for Distribution shall be distributed to each Member in proportion to their Percentage Interests.

SECTION 3.11. Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state, local, or foreign tax law with respect to any payment, distribution, or allocation to the Company or the Members shall be treated as amounts paid or distributed, as the case may be, to the Members with respect to which such amount was withheld pursuant to this Section 3.11 for all purposes under this Agreement. The Company is authorized to withhold from payments and distributions, or with respect to allocations, to the Members, and to pay over to any federal, state, and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state, or local law or any foreign law, and shall allocate any such amounts to the Members with respect to which such amount was withheld.

SECTION 3.12. Limitation on Distributions. The Company shall make no distributions to the Members except (a) as provided in this Article III; (b) as provided in Article IX;

or (c) as approved by the Board of Managers. A Member may not receive a distribution from the Company to the extent that, after giving effect to the distribution, all liabilities of the Company, other than liabilities to Members on account of their Capital Contributions, would exceed the fair value of the Company's assets.

ARTICLE IV
COMPANY ACCOUNTING; REPORTS; MEETINGS

SECTION 4.1. Accounting Method. The Company shall use the method of accounting in the preparation of its financial reports and for tax purposes selected by the Managers and shall keep its books and records accordingly.

SECTION 4.2. Company Books.

(a) Proper and complete separate books of account of the Company business shall be kept at the Company's principal place of business or such other place as the Managers shall designate.

(b) Each Member, at his or her sole cost and expense, shall have the right at all times during usual business hours to audit, examine, and make copies of or extracts from the Company's books of account. Such right may be exercised through any agent or employee of such Member designated by that Member or by an independent certified public accountant designated by such Member. The Member exercising such right shall bear all expenses incurred in any such examination made on the Member's behalf.

SECTION 4.3. Capital Accounts. An individual Capital Account shall be maintained for each Member, and the balance of said account shall be determined in accordance with the definition of Capital Account set forth in Section 1.7.

SECTION 4.4. Bank Accounts. Funds of the Company shall be deposited in a Company account or accounts in the bank or banks approved by the Managers. Withdrawals from such bank accounts shall be made only by parties previously approved, in writing, by the Managers.

SECTION 4.5. Annual Report. Within ninety (90) days after the end of each Fiscal Year of the Company or within such longer period as is reasonably necessary, the Managers shall make available to each Member an annual report. This report shall consist of at least (a) a copy of the Company's federal income tax returns for that Fiscal Year and (b) any additional information that the Members may require for the preparation of their federal and state income tax returns.

ARTICLE V
MEETINGS; MANAGEMENT; BOARD OF MANAGERS

SECTION 5.1. Meetings of Members.

(a) Annual Meetings. There shall be an annual meeting of the Members held during the first quarter of each year at the call of the Managers.

(b) Special Meetings. Special meetings of the Members which may be held for any purpose or purposes, may be called by the General Manager, by the Board of Managers, or by Members owning not less than thirty percent (30%) of the outstanding Units.

(c) Place of Meetings. Meetings of Members shall be held at the principal office of the Company or such other place within or without the State of Illinois as may be designated by the person or persons calling the meeting.

(d) Notice of Meetings. Unless waived, written notice of each meeting of Members stating the place, day, and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered not less than seven (7) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by email or by fax by or at the direction of the person or persons calling the meeting, to each Member.

(e) Quorum. Holders of thirty percent (30%) of the outstanding Units represented in person or by proxy, shall constitute a quorum at a meeting of Members and the decision of a majority in interest of a quorum shall be valid as the act of the Members. The Members present at a duly organized meeting may continue to transact business until the adjournment thereof notwithstanding the subsequent absence of Members representing enough interest to leave less than a quorum.

(f) Proxies. A Member, at any meeting of Members, may vote either in person or by proxy executed in writing by the Member or by the Member's duly authorized attorney in fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest sufficient in law to support an irrevocable power of attorney. The interest with which it is coupled need not be an interest in the Company. Proxies shall be filed with the General Manager of the Company before or at the time of such meeting.

(g) Convening Members Meetings. The General Manager, or in the absence of the General Manager, any other officer (in the order of seniority of age) shall call meetings of Members to order and act as chairman thereof; provided, however, that notwithstanding the foregoing, the Members present may elect the chairman of such meeting from among the Members. The chairman may appoint any person to act as secretary.

(h) Voting at Meetings; No Cumulative Voting. Every Member shall have one (1) vote for each Unit owned by such Member. There shall be no cumulative voting in the election of managers.

(i) Persons Who May Vote Certain Units. Units standing in the name of another limited liability company, domestic or foreign, may be voted by such member, manager, officer, agent or proxy as the operating agreement or equivalent instrument of such limited liability company may prescribe, or in the absence of a governing provision, as the managers or members vested with management of such limited liability company shall determine. Units standing in the name of a corporation, domestic or foreign, may be voted by such officer, agent, or proxy as the bylaws of such corporation may prescribe or, in the absence of a governing provision, as the board of directors of such corporation may determine.

SECTION 5.2. Board of Managers

(a) General Powers. The Members intend that the Company be managed by the Managers, in accordance with the Act, and subject to any restrictions set forth in the Certificate or this Agreement, all powers to control and manage the business and affairs of the Company and to bind the Company shall be exclusively vested in the Managers and the Managers may exercise all powers of the Company and do all such lawful acts as are not by statute, the Certificate or this Agreement directed or required to be exercised or done by the Members and in so doing shall have the right and authority to take all actions that the Managers deem necessary, useful, or appropriate for the management and conduct of the Company's business and affairs and in the pursuit of the purposes of the Company, including exercising the specific rights and powers set out below in this Section 5.2. Except as to those provisions of this Agreement expressly requiring unanimous action by all Managers, the Managers shall act by a majority vote in all business affairs. For this purpose, each Manager shall have one vote. The following actions may be taken by a majority vote of the Managers: (a) to borrow money for the Company from banks, other lending institutions, members, affiliates, or other third persons on such terms as the board deems appropriate; (b) to designate an officer, employee, or agent to be responsible for the daily and continuing operations of the business affairs of the Company; (c) to purchase or otherwise acquire real or personal property and to hold and own any Company real and/or personal properties in the name of the Company; (d) to initiate, prosecute, defend, settle, compromise, or dismiss lawsuits or other judicial or administrative proceedings brought on or in behalf of, or against, the Company, the board or the members in connection with the activities arising out of, connected with, or incident to the business of the Company, and to engage counsel or others in connection therewith; (e) invest any Company funds (by way of example but not limitation) in time deposits, short-term government obligations, commercial paper or other investments, which such investments will be in the name of the Company; (f) to contract on behalf of the Company for the provision of services or goods by vendors, employees and/or independent contractors, including lawyers and accountants, and to delegate to such persons the duty to manage or supervise any of the assets or operations of the Company; (g) to ask for, collect, or receive any rents, issues and profits or income from the assets of the Company, or any part or parts thereof, and to disburse Company funds for Company purposes subject to the provisions of the Operating Agreement; and (h) to execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, operating agreements of other limited liability companies, and any other instruments or documents necessary, in the opinion of the board, to the business of the Company.

(b) Number, Term, and Election. The number of Managers constituting the full Board of Managers of the Company shall be is set forth in Section 7.2 below. Managers need not be residents of the State of Illinois or the state of the Company's principal place of business and need not be Members of the Company.

(c) Regular Meetings. A regular annual meeting of the Board of Managers shall be held without notice following the annual meeting of Members. The Board of Managers may provide, by resolution fixing the time and place thereof, for the holding of additional regular meetings, which may thereafter be held at the designated time and place, without further notice thereof to the Managers.

(d) Special Meetings. Special meetings of the Board of Managers may be called by or at the request of the General Manager or any two (2) Managers. Unless waived, written notice of any special meeting, stating the place, day, and hour thereof shall be given at least three (3) days prior thereto by the person or persons calling the meeting, to each manager. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Managers need be specified in the notice or waiver of notice of such meeting.

(e) Place of Meetings. Meetings of the Board of Managers or of any committee designated by the Board of Managers may be held at any place either within or without the State of Illinois.

(f) Quorum. A majority of the number fixed as the full Board of Managers by this Agreement, shall constitute a quorum for the transaction of business. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Managers.

(g) Committees. The Board of Managers, by resolution adopted by a majority of the number of managers fixed as the full Board of Managers by this Agreement, may designate two (2) or more Managers to constitute a committee. Each such committee, to the extent provided in the resolution, shall have and exercise all of the authority of the Board of Managers in the management of the Company; provided, however, that any or all members of each such committee may be removed at any time, with or without cause, by vote of a majority of the number of managers fixed as the full Board of Managers by this Agreement. Unless the Board of Managers provides for a greater number, a majority of the members constituting each such committee shall be a quorum and the act of such majority shall be the act of such committee.

SECTION 5.3. Officers.

(a) General. The principal executive officers of the Company shall be a General Manager and such other officers and agents as the Board of Managers shall deem necessary, who shall have such authority and shall perform such duties as are set out in this Agreement or as from time to time shall be prescribed by the Board of Managers. The Board of Managers, at its first annual meeting and thereafter from time to time, shall elect the principal executive officers and other officers of the Company, who shall serve at the pleasure of the Board of Managers. Any officer or agent may be removed by the Board of Managers, with or without cause, whenever in its judgment the best interests of the Company will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. The Board of Managers shall determine the salary and other compensation of all officers and agents of the Company.

(b) General Manager. The General Manager of the Company shall have general and active management of the Company and shall see that all orders and resolutions of the Board of Managers are carried out.

SECTION 5.4. Compensation Committee. Prior to the company's sixth annual meeting occurring in calendar year 2010, the Board of Managers will create a compensation committee. The sole purpose of the committee will be to annually negotiate management contracts for the ongoing operational managers of the company for calendar years 2011 and later, and to submit those contracts to the Board of Mangers for approval.

The committee will be comprised of the two (2) board members representing Class A unit holders, and three (3) additional at-large members, to be elected from Class A unit holders at each annual meeting.

These at-large committee members will be nominated via the same process used for Class A Board Member nominations, and each will be elected to serve for three (3) years with staggered terms. Initial terms will be for one, two, and three years and the initial terms will be assigned according to the number of votes received, with the higher vote totals receiving the longer terms. At subsequent annual meetings, at-large compensation committee members will be elected based on the expiration of their individual terms.

SECTION 5.5. Limitation on Authority of the Managers. Notwithstanding any other provision of this Agreement, the Managers shall not without the written consent of Members holding seventy percent (70%) of the then-outstanding Units take any of the following actions:

(i) Any act that would be in contravention of this Agreement or, if on behalf of the Company, inconsistent with the purposes of the Company;

(ii) Any act that would, to the Manager's knowledge, make it impossible to carry on the normal business of the Company;

(iii) Possess or assign rights in the Property for other than a Company purpose;

(iv) Perform any act that would subject any Member to liability for the debts or obligations of the Company;

(v) File on behalf of the Company or consent to the filing on behalf of any direct or indirect Company Subsidiary any voluntary petition in Bankruptcy;

(vi) Cause the Company to distribute any Property other than as provided in this Agreement and in the course of the liquidation of the Company;

(vii) Cause or permit the Company or any direct or indirect Company Subsidiary to merge or consolidate with, or sell or otherwise transfer substantially all of its Property to, any Person; or

(viii) Cause the sale, exchange or other disposition of all, or substantially all, of the Company's assets (other than in the ordinary course of the Company's business) which is to occur as part of a single transaction or plan.

SECTION 5.6. **Reimbursement of Certain Fees and Expenses.** A Manager shall be reimbursed by the Company for the reasonable out-of-pocket expenses incurred by such Manager on behalf of the Company in connection with the Company's business and affairs upon presentment of proper receipts and invoices.

SECTION 5.7. **Right to Rely on Managers.** Any Person dealing with the Company may rely upon a certificate signed by Members holding at least fifty percent (50%) of the then outstanding Class B Units as to:

(a) The identity of the Managers;

(b) The existence or nonexistence of any fact or facts that constitute a condition precedent to acts by the Managers or that are in any other manner germane to the affairs of the Company;

(c) The Persons who are authorized to execute and deliver any instrument or document of the Company; or

(d) Any act or failure to act by the Company or any other matter whatsoever involving the Company or any Member.

SECTION 5.8. **Fiduciary Duties.** The Managers shall manage and control the affairs of the Company to the best of their ability, and the Managers shall use their best efforts to carry out the purposes of the Company for the benefit of all the Members. In exercising their powers, the Managers recognize their fiduciary responsibilities to the Company. The Managers shall have fiduciary responsibility for the safekeeping and use of all Property of the Company, whether or not in their immediate possession and control. The Managers shall not employ, or permit another to employ, such Property in any manner except for the exclusive benefit of the Company and its Members. Subject to the provisions of Section 5.6, the Managers shall comply with all rules, regulations, and duties incumbent upon a Manager acting in its fiduciary capacity on behalf of the Company and the Members.

SECTION 5.9. **Liability.** A Manager shall be liable to the Company for fraud, bad faith, intentional misconduct, gross negligence, or willful failure to perform in accordance with this Agreement.

SECTION 5.10. **Appointment of Agents.** The Company is authorized to employ attorneys, accountants, investment managers, specialists, and such other agents as it shall deem necessary or desirable. The Company shall have the authority to appoint an investment manager or managers to manage all or any part of the Property of the Company, and to delegate to said investment manager the discretionary power to acquire and dispose of Property of the Company. The Company may charge the compensation of such attorneys, accountants, investment managers, specialists, and other agents against the Company, including any other related expenses.

ARTICLE VI
SALARY, EXPENSES, AND INDEMNIFICATION OF MANAGERS

SECTION 6.1. **Salary and Expenses.** The Company may pay to any Manager or Member reasonable compensation for services rendered to the Company, including by means of an annual salary. There shall be available as compensation to Managers elected by the holders of the Class B Units up to 80 Class B Units as compensation for services rendered to the Company. If paid to a Member, this compensation shall be in addition to such Member's respective share of the Company's Profits. In addition, the Managers may charge the Company, and shall be reimbursed, for reasonable expenses incurred in connection with the Company's business. Such reimbursement shall be treated as expenses of the Company and, if the Manager is also a Member, shall not be deemed to constitute distributions to such Member of Profit, Loss, or capital of the Company.

SECTION 6.2. **Indemnification.**

(a) To the fullest extent permitted by the Act and any other applicable law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, except an action by or in the right of the Company, by reason of the fact that such Person is a Member of the Company against expenses, including attorney's fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by such Person if such Person acted in good faith and in a manner that such Person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, such Person had no reasonable cause to believe such Person's conduct was unlawful, provided, however, that notwithstanding the foregoing, no Person shall be indemnified from any liability for fraud, bad faith, intentional misconduct, gross negligence, or willful failure to perform in accordance with this Agreement. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that such Person does not meet the standards of conduct required for indemnification under this Section 6.2(a).

(b) The actual and reasonable expenses of Persons indemnified pursuant to Section 6.2(a) shall be paid by the Company as they are incurred and in advance of final disposition of the action, suit, or proceeding, upon the receipt by the Company of an undertaking by or on behalf of such Person to repay the amount if it is ultimately determined by a court of competent jurisdiction that such Person is not entitled to be indemnified by the Company.

(c) Neither any amendment nor repeal of this Section 6.2, nor the adoption of any provision inconsistent with this Section 6.2 shall eliminate or reduce the effect of this Section 6.2 in respect of any matter occurring, or any cause of action, suit, or claim that, but for this Section 6.2, would accrue or arise, prior to such amendment, repeal, or adoption of an inconsistent provision.

(d) Notwithstanding anything to the contrary in this Agreement, in no event will any indemnification obligation of the Company subject any Member to personal liability.

ARTICLE VII
ROLE AND LIABILITY OF MEMBERS

SECTION 7.1. Rights or Powers. Except as set forth in Section 7.2, the Members shall have no rights or powers to take part in the control of the Company and its business affairs.

SECTION 7.2. Voting Rights; Election of Managers. The Members shall have the right to vote on the matters set forth in this Agreement or as required by the Act. Those matters to be voted on by the Members can be done by written consent. Such a written consent may be utilized at any meeting of the Members, or it may be utilized in obtaining approval by the Members without a meeting.

The Managers shall be elected annually at a meeting to be held during the first quarter of the year at the call of the Managers. There shall be elected at such annual meeting at least three (3) but not more than seven (7) Managers to serve for a period of three (3) years or until his or her successor has been elected and duly qualified.

Holders of the Class A Units shall elect collectively as many as two (2) Managers; provided, however, if any Member holds one hundred (100) or more Class A Units, such Member may also elect an additional Manager. Holders of the Class B Units shall have the right to elect up to four (4) Managers.

At the 2005 annual meeting, two (2) Class A Directors will be elected to the Board of Manager and will be assigned terms of two (2) and three (3) years, with the Director receiving the highest number of votes receiving the longer term. Subsequent elections will be held for Class A Board Managers at annual meetings based on the expiration of the Class A Director terms, and after the first election, all director positions will serve for a term of three (3) years. In the event of a tie vote, the tie will be broken by a random drawing.

Nominations for the Class A Managers will be mailed to all members of record and nominations will be closed on the date set forth on the nomination form. There will be no nominations from the floor during annual meetings. Annual meeting packets will contain a ballot and information on any and all nominees for the director positions to be elected at the upcoming meeting. Ballots can be voted in person, or by mail. Mailed ballots will be posted to the company attorney and a representative from the company attorney will deliver the ballots to the annual meeting and will serve as the teller committee for the election.

SECTION 7.3. **Liability of Members.** No Member shall have any personal liability whatsoever to the creditors of the Company for the debts of the Company or any losses beyond such Member's Capital Contributions. It is the intent of the Members and the Managers that no distribution or payment to any Member shall be deemed a return of money or property in violation of the Act. In accordance with the Act, a Member may, under certain circumstances, be required to return to the Company, for the benefit of Company creditors, amounts previously distributed to such Member as a return of capital. For purposes of this Section 7.3, the Members intend that no distribution to any Member of Cash Available for Distribution or of Net Cash from Sales or Refinancing shall be deemed a return or withdrawal of capital, even if such distribution represents, for federal income tax purposes or otherwise (in whole or in part), a return of capital, and that no Member shall be obligated to return any such money or property to the Company or to pay any such amount to or for the account of the Company or any creditor of the Company or any other Person. If, however, any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Member is obligated to return any such money or property or make any such payment, such obligation shall be the obligation of such Member and not of any other Member or any Manager.

SECTION 7.4. **Representations of Members.** Each Member hereby represents and warrants to the other Members and to the Company that such Member:

(a) Understands and agrees that his or her Interest in the Company has not been registered under the Securities Act or any similar state law regulating the offer or sale of securities and, therefore, such Interest may not be transferred except in accordance with an effective registration under the Securities Act and state law, or pursuant to an available exemption therefor;

(b) Takes his or her Interest for his or her own account and not with any intent towards the resale or distribution thereof;

(c) Has read and fully understands and agrees to be bound by all of the terms and provisions of this Agreement;

(d) To the extent that such Member has had any questions with respect to the Company, this Agreement or any other matter bearing upon such Member's decision to acquire an Interest in and become a Member of the Company, has had a full and complete opportunity to make inquiry of the Managers and has had all of its questions answered to its full and complete satisfaction;

(e) Is capable of evaluating the relative merits and risks presented by an investment in the Company, and to the extent the Member has desired to do so, the Member has consulted with its own independent legal, tax, and investment advisers, and has determined that the investment in the Company is suitable to the Member, both in terms of its investment objectives and in terms of its financial situation; and

(f) Understands that the investment in the Company is a high risk, illiquid investment, that Transfer of the Interest is restricted pursuant to this Agreement, and that there presently exists no market for the Interest and it is unlikely that one will develop; that Transfers of the Interest are subject to the restrictions and conditions of the Securities Act, among which are included a requirement that, prior to a Transfer either a registration statement under the Securities Act and under the applicable state securities laws be effective covering Interests, or an exemption from registration under the Securities Act and under such state securities laws is available.

Any other provision of this Agreement to the contrary notwithstanding, each Member agrees that it will not Transfer all or any portion of its Interest to any Person who does not similarly represent and warrant and similarly agree not to Transfer such Interest, or portion thereof, to any Person who does not similarly represent, warrant, and agree.

ARTICLE VIII
TRANSFERS OF INTERESTS

SECTION 8.1. Restriction on Transfer; Repurchases by Company. No Member shall Transfer in any manner or by any means whatsoever all or part of his or her Interest in the Company without obtaining the prior written consent of the Managers. Notwithstanding the foregoing, any Member shall have the right to transfer any portion of his or her interest to his or her spouse, to any descendent of himself or herself, or to a trust for the benefit of one or more such persons.

From time to time, the Board of Managers may set aside funds of the Company to be used to repurchase Units from the holders of Class A Units. In that event, the Company shall notify the holders of the Class A Units of the proposed repurchase. Those holders wishing to tender all or part of their Units may then do so under the terms of the repurchase offer. The Company shall accept such tenders up to the amount of the funds designated for the repurchase giving priority to the holders, and their successors, who first subscribed to purchase their Units from the Company.

SECTION 8.2. Conditions of Transfer of Member's Interest. In addition to the restrictions on Transfer contained in Section 8.1 and any restrictions on Transfer contained in other Articles of this Agreement or imposed by law, all Transfers of Interests shall be subject to the following restrictions, conditions, terms, duties, and obligations:

(a) The assignee meets all of the requirements applicable to a Substituted Member or an Additional Member and consents in writing in a form satisfactory to the Managers to be bound by the terms of this Agreement;

(b) The Managers consent in writing to the Transfer;

(c) Anything herein to the contrary notwithstanding, in no event shall a Transfer be made to a minor or to an incompetent (except in trust);

(d) Each Member agrees that such Member will, upon request of the Managers, execute such certificates or other documents and perform such acts as the Managers deem appropriate after a Transfer of that Member's Interest to preserve the limited liability status of the Company under the laws of the jurisdictions in which the Company is doing business;

(e) Each Member agrees that such Member will, prior to the time the Members consent to a Transfer of any Interest by that Member, pay all reasonable expenses, including attorneys' fees, incurred by the Company in connection with such Transfer;

(f) Each of the Members, by executing this Agreement, hereby covenants and agrees that such Member will not, in any event, Transfer any Interest unless, in the opinion of counsel to the assignee (which counsel and opinion shall be satisfactory to counsel for the Company), such Interest is being Transferred in compliance with then-applicable federal and state statutes; and

(g) Anything herein to the contrary notwithstanding, the Company shall be entitled to treat the assignor of an Interest as the absolute owner thereof in all aspects, and shall incur no liability for distributions made in good faith to it, until such time as a written assignment that conforms to the requirements of this Article VIII has been received and accepted by the Company.

SECTION 8.3. Substituted or Additional Member. No assignee or transferee of the whole of a Member's Interest in the Company (if not already a Member, a "Substituted Member") and no assignee of a part of a Member's Interest in the Company (if not already a Member, an "Additional Member") shall have the right to become a Substituted Member or an Additional Member unless all of the following conditions are satisfied:

(a) The Managers have consented in writing to the admission of the assignee as a Substituted Member or Additional Member, as applicable.

(b) A fully executed and acknowledged written instrument of assignment has been delivered to the Company, which instrument of assignment sets forth the intention of the assignor that the assignee become a Substituted Member or an Additional Member, as applicable;

(c) The assignor and assignee execute and acknowledge such other instruments as the Managers may deem necessary or desirable to effect such Transfer and to effect the admission of the assignee as a Substituted Member or an Additional Member, as applicable, including the express agreement by the assignee to be bound by the provisions of this Agreement;

(d) A reasonable transfer fee has been paid by the assignee to the Company;

(e) Notwithstanding the foregoing, if the assignee or transferee of an Interest is already a Member, such Member shall be deemed admitted as a Member with respect to such acquired Interest;

(f) The Managers shall seek to have this Agreement amended from time to time to reflect the substitution or addition of Members. Until this Agreement is so amended, an assignee shall not become a Substituted Member or an Additional Member; and

(g) The death, legal incapacity, Bankruptcy, or dissolution of a Member shall not cause a dissolution of the Company, but the rights of such Member to share in the income or loss of the Company and to receive distributions shall, on the happening of such an event, devolve on such Member's personal representative, or in the event of the death of one whose Interest is held in joint tenancy, pass to the surviving joint tenants, subject to the terms and conditions of this Agreement. In no event, however, shall such personal representative or surviving joint tenant become a Substituted Member solely by reason of such capacity.

(h) Notwithstanding any of the foregoing, the managers may, for a period of time commencing during the calendar year 2007 and not to exceed six (6) months in total, approve the addition of Additional members to the Company, said Additional members having purchased one or more Class A Units in the company, during the same period.

SECTION 8.4. Purchase of Interests from Unapproved Transferees. If, despite the provisions of Section 8.1, any Person acquires an Interest in the Company as the result of an order of a court of competent jurisdiction including, but not limited to, an order incident to divorce, insolvency, or Bankruptcy of a Member, which order the Company is required to recognize, or if a Member makes an unauthorized Transfer of an Interest that the Company is required to recognize, the Interest of the transferee may then be acquired by the Company or the Members upon the following terms and conditions:

(a) The Company may during a period beginning on the first Business Day following the date that it is finally determined that the Company is required to recognize the Transfer and ending twenty (20) Business Days thereafter, as between the Company and the transferee at the Company's sole option, seek to negotiate in good faith with the transferee the price and terms of Transfer. If the Company and the transferee are unable to reach agreement prior to the end of this period, then the price shall be determined in accordance with Section 8.4(b) and the terms shall be as provided in Section 8.4(c).

(b) If the Company and the transferee are unable to agree upon price, the price of an Interest shall be determined by the Board of Managers in good faith.

(c) Unless otherwise mutually agreed between the Company and the transferee, the purchase price shall be paid on the Closing Date in accordance with the following terms. The Company and any Member or Members purchasing any Interest shall pay ten percent (10%) of the purchase price on the Closing Date. The remaining amount of the purchase price shall be evidenced by a non-negotiable installment promissory note payable in five (5) equal annual installments of principal together with interest thereon calculated as provided below, the first annual payment coming due on the date that is one (1) year from the Closing Date, with all subsequent payments coming due on the corresponding date each year thereafter, until fully paid. The interest rate on any note issued pursuant to this Section 8.4(c) shall be at 6% per annum. Interest will not be compounded and will be computed on the basis of a 360-day year of 30-day months. If any date upon which a payment is due is not a Business Day, then payment will be due on the next succeeding Business Day. Unless otherwise agreed by the maker and holder of the note, payment must be by wire transfer of immediately available federal funds to an account specified by the holder of the note. Advance payments or additional payments may be made at any time without penalty, provided that any such payment shall be made on a Business Day.

(d) The Company shall have the right but not the obligation (the "Company Option") during a period beginning upon the first Business Day following the determination of the price and terms (whether by mutual agreement or as provided in Section 8.4(b) and Section 8.4(c)) and ending five (5) Business Days thereafter (the "Company Option Period"), to agree to purchase all or any portion of the Interest held by the transferee on the price and terms determined. If the Company desires to exercise the Company Option it must do so by delivering to the transferee and to all Members, prior to the expiration of the Company Option Period, notice of the Percentage Interest that the Company will purchase. Exercise of the Company Option is irrevocable.

(e) Any Transfer affected pursuant to this Section 8.4 shall be closed at such place as mutually agreed between the parties to the Transfer. The date of closing ("Closing Date") with respect to any Interest shall be fixed by the purchaser of such Interest, provided that unless otherwise mutually agreed by the parties to the Transfer, the Closing Date shall be a Business Day and shall not be less than twenty (20) nor more than thirty (30) Business Days after the date on which price and terms of Transfer are determined.

(f) Neither the transferee of an unauthorized Transfer nor the Member causing the Transfer will have the right to vote during the prescribed option period or, if the option to purchase is timely exercised, until the sale is actually closed.

SECTION 8.5. Unauthorized Transfers. The Company is not required to recognize the interest of any Person who obtains a purported interest as the result of a Transfer that is not an authorized Transfer. If the ownership of an Interest is in doubt, or if there is reasonable doubt as to who is entitled to a distribution of the income realized from an Interest, the Company may accumulate the income until this issue is fully determined and resolved. Accumulated income will be credited to the Capital Account of the Member whose Interest is in question.

SECTION 8.6. Voting Rights.

(a) Except as specifically provided in Section 8.6(b), in the event a vote of the Members shall be taken pursuant to this Agreement for any reason, a Member shall, solely for the purpose of determining the number of Units held by such Member in weighing such Member's vote, be deemed the holder of any Units assigned by him in respect of which the assignee has not become a Substituted Member or an Additional Member.

(b) Anything herein to the contrary notwithstanding, in the event an assignee of Units is not admitted as a Substituted Member, pursuant to Section 8.3, such assignee shall in all events have the right to direct the assignor of the Units to such assignee in the exercise of the following rights of a Member:

(i) The right to inspect the books and records of the Company as allowed pursuant to Section 4.2(b); and

(ii) The right to vote on the Appointment of a new Manager pursuant to Section 10.4.

SECTION 8.7. Non-Registration of Securities. The ownership and Transfer of any Interest is further subject to the following disclosure and condition:

> THE INTERESTS HAVE NOT, NOR WILL BE, REGISTERED OR QUALIFIED UNDER FEDERAL OR STATE SECURITIES LAWS. THE INTERESTS MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS SO REGISTERED OR QUALIFIED, OR UNLESS AN EXEMPTION FROM REGISTRATION OR QUALIFICATION EXISTS. THE AVAILABILITY OF ANY EXEMPTION FROM REGISTRATION OR QUALIFICATION MUST BE ESTABLISHED BY AN OPINION OF COUNSEL FOR THE OWNER THEREOF, WHICH OPINION AND COUNSEL MUST BE REASONABLY SATISFACTORY TO THE COMPANY.

ARTICLE IX
DURATION OF BUSINESS; DISSOLUTION

SECTION 9.1. Duration. The Company shall continue until:

(a) All interests in the Property acquired by it have been sold or disposed of, or have been abandoned; or

(b) The Company is dissolved and terminated as provided for in Section 9.3.

SECTION 9.2. Termination of a Member. The Managers may terminate the Interest of a Member and expel such Member:

(a) For interfering in the management of the Company's affairs or otherwise engaging in conduct that could result in the Company losing its tax status as a partnership;

(b) If the conduct of a Member tends to bring the Company into disrepute or such Member's Interest becomes subject to attachment, garnishment, or similar legal proceedings; or

(c) For failing to meet any commitment to the Managers in accordance with any written undertaking.

In each of the foregoing events, the termination shall not result in the forfeiture to the Member of the value of such Member's Interest in the Company at the time of termination.

SECTION 9.3. Dissolution of Company. The Company shall be dissolved only upon the occurrence of any of the following events (each a "Dissolution Event"):

(a) The written consent or affirmative vote to dissolve the Company of a majority of the Managers and Members holding at least seventy percent (70%) of the then outstanding Units;

(b) In circumstances under which Section 10.4 is applicable, the failure to elect a successor Manager within one hundred eighty (180) days of the death, resignation, or removal of the last remaining Manager;

(c) Voluntary dissolution of the Company by agreement of all of the Members; or

(d) The entry of a dissolution decree or judicial order by a court of competent jurisdiction or by operation of law.

SECTION 9.4. Distribution upon Termination. In the event of dissolution and final termination, the Managers shall wind up the affairs of the Company, shall determine in their sole discretion which Company property (if any) to distribute in kind and which to sell and, with respect to those assets that it is determined to sell (if any), sell such assets as promptly as is consistent with obtaining, insofar as possible, the fair value thereof, and after paying all liabilities, and including all costs of dissolution, and subject to the right of the Managers to set up cash reserves to meet short-term Company liabilities and other liabilities or obligations of the Company, shall distribute the remainder ratably to the Members pursuant to the relevant provisions of this Agreement.

SECTION 9.5. Procedure upon Dissolution. On any dissolution and termination of the Company under this Agreement or applicable law, except as otherwise provided in this Agreement, the continuing operation of the Company's business shall be confined to those activities reasonably necessary to wind up the Company's affairs, discharge its obligations, and either liquidate the Company's assets and deliver the proceeds of liquidation or preserve and distribute its assets in kind promptly on dissolution. A notice of dissolution shall be published under applicable Illinois law, or as otherwise appropriate.

SECTION 9.6. Winding Up of the Company. Upon the dissolution of the Company, the proceeds from the liquidation of the assets of the Company and collection of the receivables of the Company, together with the assets distributed in kind, to the extent sufficient therefore, shall be applied and distributed in the following order of priority:

(a) First, to the payment and discharge of all of the Company's debts and liabilities and the expenses of liquidation;

(b) Second, to the creation of any reserves that Members holding fifty percent (50%) of the then outstanding Interests deem necessary for any contingent or unforeseen liabilities or obligations of the Company;

(c) Third, to the payment and discharge of all of the Company's debts and liabilities owing to Members, but if the amount available for payment is insufficient, then pro rata in proportion to the amount of the Company's debts and liabilities owing to each Member; and

(d) The balance, if any, to the Members in accordance with the positive balance in their Capital Accounts, after giving effect to all contributions, distributions, and allocations for all periods.

SECTION 9.7. Deemed Contribution and Distribution. Notwithstanding any other provision of this Article IX, in the event the Company is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no dissolution event described in Section 9.3 has occurred, the Property shall not be liquidated, the Company's Debts and other Liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, solely for federal income tax purposes, the Company shall be deemed to have contributed all its Property and liabilities to a new limited liability company in exchange for an interest in such new company and, immediately thereafter, the Company will be deemed to liquidate by distributing interests in the new company to the Members.

SECTION 9.8. Allocations During Period of Liquidation. During the period commencing on the first day of the Fiscal Year during which a Dissolution Event occurs and ending on the date on which all of the assets of the Company have been distributed to the Members pursuant to Section 9.6 hereof, the Members shall continue to share Profits, Losses, gain, loss, and other items of Company income, gain, loss, or deduction in the manner provided in Article III.

SECTION 9.9. Company Continuity. For so long as the Company shall exist, each

Member waives the right to compel a dissolution of the Company or to compel a partition of the Property of the Company. No Member will have an ownership interest in the Property of the Company. The Company, as an entity for federal income tax purposes and for state law purposes, will not terminate by reason of:

(a) the death, disability, Bankruptcy, or insolvency of a Member;

(b) the addition of a Manager or Member or the death, disability, removal, resignation, or other act of withdrawal of a Manager or Member, unless at the conclusion of one hundred eighty (180) days from the act of withdrawal, the Company does not, in fact, have at least one Manager or Member;

(c) the withdrawal or expulsion of a Member unless there are no remaining Members; or

(d) any other act or omission to act, not having the approval or consent of all Members, which is or may be construed to be a termination of the Company as an entity under Illinois law.

To the greatest extent permitted by Illinois law, any act or omission to act shall be resolved in favor of a continuation of the Company, without the requirement of liquidation and winding up.

SECTION 9.10. Compliance With Certain Requirements of Regulations; Deficit Capital Accounts. In the event the Company is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article IX to the Members who have positive Capital Accounts in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2). If a Member has a deficit balance in its Capital Account, determined after debiting and crediting the Member's Capital Account for all income, gain, and loss allocations and distributions occurring prior to dissolution, the Member shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever.

ARTICLE X
REMOVAL, WITHDRAWAL, AND ADMISSION OF SUCCESSOR MANAGERS

SECTION 10.1. Cessation. A Person shall cease to be a Manager upon the removal or withdrawal in accordance with Sections 10.2 and 10.3 hereof, dissolution, legal incapacity, Bankruptcy, death, adjudication of incompetence, or any of the other events set forth in the Act and all of such Manager's rights and powers as a Manager shall be terminated, and such Person shall cease to be a Manager. The removal or withdrawal of a Manager who is also a Member shall not affect the status of such Manager as a Member. Any of the remaining Managers shall have the right to continue the business of the Company.

SECTION 10.2. Removal of a Manager. Upon the written consent or affirmative vote of Members holding greater than fifty percent (50%) of the then outstanding Class A Units, any Manager elected by the Members holding Class A Units may be removed if, simultaneously with such removal, a successor Manager is elected by the Members holding greater than fifty percent (50%) of the then outstanding Class A Units. Upon the written consent or affirmative vote of Members holding greater than fifty percent (50%) of the then outstanding Class B Units, any Manager elected by the Members holding Class B Units may be removed if, simultaneously with such removal, a successor Manager is elected by the Members holding greater than fifty percent (50%) of the then outstanding Class B Units. A Manager who ceases to be a Manager will not be personally liable for the debts or obligations of the Company incurred following the termination of his or her or its service as a Manager. Written notice of such determination setting forth the effective date of such removal shall be served upon the Manager, and as of the effective date, shall terminate all of such Person's rights and powers as a Manager.

SECTION 10.3. Withdrawal of a Manager. Upon thirty (30) days' notice to the Members, any Manager may withdraw as a Manager at any time, provided that, upon the request of any remaining Manager (or, if there is no remaining Manager, any Member), such Manager delivers to the Company an opinion of competent counsel to the effect that such withdrawal will not adversely affect the classification of the Company for purposes of state law.

SECTION 10.4. Election of New Managers. In the event any Person ceases to be a Manager pursuant to Section 10.3, any Member holding the Class of Units which elected the withdrawing Manager may nominate one or more Persons for election as Managers. No Person shall become a Manager unless elected by an affirmative vote of Members holding greater than fifty percent (50%) of the then outstanding Class of Units entitled to elect the replacement.

SECTION 10.5. Amendment to the Certificate. In the event a Manager is unwilling or unable to sign a required amendment to the Certificate as evidence of withdrawal, substitution, or addition of a Manager, the amended Certificate may be signed by:

(a) the remaining Managers, if more than one Manager is then serving, and any successor elected by the Members or as otherwise designated by this Agreement; or

(b) if but one Manager was serving, and who ceases to serve for any reason, by the new Manager or Managers, as substitute or successor, and by Members holding at least fifty percent (50%) of the then outstanding Class A Units.

Each Manager serving or to serve in the capacity of a Manager does hereby appoint its successor, (or if there is more than one Manager serving at the time a Manager shall refuse or be unable to act, the remaining Manager or Managers) as its attorney in fact, to sign the amended certificate on its behalf.

SECTION 10.6. Termination of Executory Contracts With the Terminated Manager or Affiliates. All executory contracts between the Company and a Manager removed pursuant to Section 10.1 or Section 10.2 hereof may be terminated by the Company effective upon sixty (60) days' prior written notice of such termination to the Manager. The removed Manager thereof may also terminate and cancel any such executory contract effective upon sixty (60) days' prior written notice of such termination and cancellation given to the Company.

ARTICLE XI
POWER OF ATTORNEY

SECTION 11.1. Managers as Attorney-In-Fact. Each Member hereby makes, constitutes, and appoints each Manager and each successor Manager, severally, with full power of substitution and re-substitution, his, her, or its (as applicable) true and lawful attorney-in-fact for such Member and in such Member's name, place, and stead and for such Member's use and benefit, to sign, execute, certify, acknowledge, swear to, file, publish, and record:

(a) This Agreement and the Certificate and all agreements, certificates, instruments, and other documents amending, changing, or restating this Agreement or the Certificate as now or hereafter amended that the Managers may deem necessary or appropriate to reflect only the following amendments or changes:

(i) by any Manager of any power granted to such Manager under this Agreement;

(ii) any amendments adopted by the Members in accordance with the terms of this Agreement;

(iii) the admission of any Substituted Member, Additional Member, or substituted or additional Manager; and

(iv) the disposition by any Member of its Interest;

(b) Any certificates, instruments, or documents that the Managers deem necessary or appropriate to effect the dissolution and termination of the Company pursuant to the terms of this Agreement; and

(c) Any certificates, instruments, or documents as may be required by, or may be appropriate under, the laws of the State of Illinois or any other state or jurisdiction in which the Company is doing or intends to do business.

Each Member authorizes each such attorney-in-fact to take any further action that such attorney-in-fact shall consider necessary or advisable in connection with any of the foregoing, hereby giving each such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite to be done in connection with the foregoing as fully as such Member might or could do personally, and hereby ratify and confirm all that any such attorney-in-fact shall lawfully do, or cause to be done, by virtue thereof or hereof.

SECTION 11.2. Nature As Special Power. The power of attorney granted pursuant to this Article XI:

(a) Is a special power of attorney coupled with an interest and is irrevocable;

(b) May be exercised by any such attorney-in-fact by listing the Members executing any agreement, certificate, instrument, or other document with the single signature of any such attorney-in-fact acting as attorney-in-fact for such Members; and

(c) Shall survive the death, disability, legal incapacity, Bankruptcy, insolvency, dissolution, or cessation of existence of a Member and shall survive the delivery of an assignment by a Member of the whole or a portion of its Interest (except that where the assignment is of such Member's entire Interest and the assignee, with the consent of the Managers, is admitted as a Substituted Member, the power of attorney shall survive the delivery of such assignment for the sole purpose of enabling any such attorney-in-fact to effect such substitution) and shall extend to such Member's or such assignee's successors and assigns.

ARTICLE XII
MISCELLANEOUS

SECTION 12.1. Amendments. This Agreement may be amended at any time, and from time to time, upon the written approval of Members holding at least fifty percent (50%) of the then outstanding Class A Units and fifty percent (50%) of the then-outstanding Class B Units.

SECTION 12.2. Notices. Any notice required or permitted under this Agreement shall be in writing and shall be deemed to have been duly delivered, given, and received for all purposes (a) on the date of service, if served personally on the party to whom notice is to be given or (b) when actually received at the notice address, if (i) sent either by overnight courier, registered or certified mail, postage and charges prepaid or (ii) by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent promptly thereafter by one of the other delivery methods permitted by this clause (b) addressed as follows:

If to the Company, at 1414 N 2400 E Road, Assumption, Illinois 62510; and

If to any Member, at such address as such Person may from time to time specify by notice given to the Company and to each Member as specified above.

SECTION 12.3. Governing Law. This Agreement is intended to be performed in the State of Illinois and shall in all respects be governed by and construed in accordance with, the laws of the State of Illinois, including as to all matters of construction, validity, and performance but without giving effect to the conflict of law provisions thereof.

SECTION 12.4. Consent to Jurisdiction. Each Member (i) irrevocably submits to the non-exclusive jurisdiction of any State court or Federal court sitting in Illinois in any action arising out of this Agreement, (ii) agrees that all claims in such action may be decided in such court, (iii) waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum, and (iv) consents to the service of process by mail in accordance with Section 10.2 hereof. A final judgment in any such action shall be conclusive and may be enforced in other jurisdictions. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or affect its right to bring any action in any other court.

SECTION 12.5. WAIVER OF JURY TRIAL. EACH OF THE MEMBERS IRREVOCABLY WAIVES, TO THE EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS OPERATING AGREEMENT.

SECTION 12.6. Specific Performance. Each Member agrees with the other Members and with the Company that the other Members and the Company would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that monetary damages would not provide an adequate remedy in such event. Accordingly, it is agreed that, in addition to any other remedy to which the nonbreaching Members may be entitled, at law or in equity, the nonbreaching Members shall be entitled to injunctive relief to prevent breaches of the provisions of this Agreement and specifically to enforce the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction thereof.

SECTION 12.7. Successors. This Agreement shall be binding on and inure to the benefit of the respective Member's successors and assigns, except to the extent of any contrary provision in this Agreement.

SECTION 12.8. Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable in any situation in any jurisdiction this shall not affect the validity or enforceability of the remainder of the Agreement that shall remain in full force and effect and shall in no way be affected, impaired, or invalidated as shall the offending term, provision, covenant, or condition in any other jurisdiction.

SECTION 12.9. Entire Agreement. This Agreement contains the entire agreement among the parties hereto and their respective Affiliates, and contains all of the agreements among such parties with respect to the subject matter hereof and thereof. This Agreement supersedes any and all other agreements, written or oral, among such parties with respect to the subject matter hereof and thereof.

SECTION 12.10. Binding Effect. Except as otherwise provided in this Agreement, every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of the Members and their respective heirs, legatees, legal representatives, successors, transferees, and assigns.

SECTION 12.11. Construction. Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member.

SECTION 12.12. Time. Time is of the essence with respect to this Agreement. In computing any period of time pursuant to this Agreement, the day of the Act, event, or default from which the designated period of time begins to run shall be included, unless it is not a business day, in which event the period shall being on the next day that is a Business Day, and the last day of the period so computed shall not be included.

SECTION 12.13. Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

SECTION 12.14. Incorporation by Reference. No exhibit, schedule, or other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference except Schedule A which is hereby incorporated by reference.

SECTION 12.15. Terms. Unless the context shall otherwise require: (a) words importing the singular number or plural number shall include the plural number and the singular number respectively; (b) words importing the masculine gender shall include the feminine and neuter genders and vice versa; (c) references to "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation"; and (d) references to "herein," "hereby," "hereof," or "hereunder" or any such similar formation shall be deemed to refer to this Agreement.

SECTION 12.16. Waiver of Action for Partition. Each of the Members irrevocably waives any right that they may have to maintain any action for partition with respect to any of the Company Property.

SECTION 12.17. Counterpart Execution. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same document.

SECTION 12.18. Further Acts. Each Member agrees to perform any further acts and to execute, acknowledge, and deliver any further documents reasonably necessary or proper to carry out the intent of this Agreement.

SECTION 12.19. Attorneys' Fees. If an action is instituted to enforce the provisions of this Agreement, the prevailing party or parties in such action shall be entitled to recover from the losing party or parties its or their reasonable attorneys' fees and costs as set by the Court.

SECTION 12.20. Elections Made by the Company. All elections required or permitted to be made by the Company under the Code shall be made by the Managers in such manner as will in their judgment be most advantageous to a majority in Interest of the Members.

SECTION 12.21. No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the parties and their respective successors and permitted assigns. Without limiting the foregoing, any obligation of the Members to satisfy their respective obligations to make Capital Contributions under this Agreement is an agreement only among Members and no other Person shall have any rights to enforce such obligations.

SECTION 12.22. Material Impairment. No Member shall take any action that could impair materially such Member's ability to perform his or her duties and obligations under this Agreement.

SECTION 12.23. Alternative Dispute Resolution and Consent to Binding Arbitration. Unless the Members agree otherwise, if any dispute arises among the Members or between a Member and the Company relating to this Agreement or any claim arising out of this Agreement (or its breach), they will first utilize the procedures specified below in this Section 12.23 prior to initiating any court proceedings or other legal action. First, any Member seeking to resolve a dispute shall give written notice to the other Members, describing in general terms the nature of the dispute and the initiating Member's claim for relief. The parties involved in the dispute shall then make a good faith attempt, within thirty (30) days following such notice, to meet (with legal and other counsel if desired) to discuss the dispute and to attempt to achieve a settlement thereof. If the dispute is not resolved within such thirty-day period, the disputing Members shall cease to negotiate directly and shall submit the dispute to arbitration. The parties to such arbitration shall each appoint one person to hear and determine the dispute. If these two arbitrators cannot agree, then the two arbitrators shall choose a third impartial arbitrator whose decision shall be final. The cost of arbitration shall be borne by the losing party or in such proportion as the arbitrators shall decide.

SECTION 12.24. Waiver. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[Signatures follow on separate pages]

IN WITNESS WHEREOF, the initial members of South American Soy, LLC have executed this Operating Agreement effective as of the day and date first above written.

____
Phil Corzine

____
Brad Glenn

____
Kent Sorrells

____
Neige Caiapo

Schedule A to Operating Agreement of
South American Soy, LLC

Name of Member	Class A Units	Class B Units	Capital Contribution	
Philip K. Corzine	-0-	-6-	$2,750	cash
			$13,750	services
Brad Glenn	-0-	-3-	$2,750	cash
			$5,500	services
Kent Sorrells	-0-	-4-	$2,750	cash
			$8,250	services
Neige Caiapo	-0-	-1-	$2,750	cash
			$ 0	services

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South American Soy, LLC

1414 N. 2400 E. Rd.
Assumption, IL 62510
United States
TF-(866) 711-2769 or Fax: (217) 226-4273
gm@SouthAmericanSoy.Com

Brazilian Agricultural Situation

Updated 3/15/2007

THIS DOCUMENT IS A CONFIDENTIAL UPDATE ON BRAZILIAN AGRICULTURE, WITH DISTRIBUTION LIMITED ONLY TO CURRENT MEMBERS OF SOUTH AMERICAN SOY, LLC. THIS DOCUMENT IS NEITHER AN OFFER TO SELL NOR SOLICITATION OF AN OFFER TO BUY A SECURITY.

Forward Looking Statements**:**

This document contains forward looking statements. Forward-looking statements include the words “may”, “will”, “estimate”, “continue”, “believe”, “expect”, “anticipate”, or other similar words. These forward-looking statements generally relate to our plans and objectives for future operations and are based on our management’s reasonable estimates of futures results, trends or other circumstances. Investors are cautioned that all forward-looking statements involve risks and uncertainty. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements included herein will be achieved. The inclusion of such information should not be regarded as a representation of the Company or any other person that the objectives and plans of the Company will be achieved. Actual results may differ from projected results.

Table Of Contents

Overview

"What really explains the growth of Brazilian agriculture is entrepreneurship, good science, access to good land and good weather"
-- Mario Jales, senior researcher, ICONE (São Paulo think tank)

Brazil is the world's sixth-largest nation in terms of area. But the agriculturally-productive proportion of that size is what creates impressive numbers suggesting the country's rising prominence in supplying agricultural commodities to a growing world. Brazil's soybean planted area, of about 52 million acres, is approximately equal to a solid area the size of the State of Kansas. While planting this much soy, the country remained among the top five world producers of cattle, sugarcane, oranges, tobacco and broilers. It produced approximately one in every three coffee beans in the world, and a fifth of the world's tobacco.

Brazil is the world's fifth most populous country, covering almost half of the South American continent. Meantime it has the world's ninth-largest GNP, at $715 billion in 2000. Three of its 26 states together, São Paulo, Rio de Janeiro and Minas Gerais, account for more than half of the nation's Gross Domestic Product. That amount comes closer to three-fourths of GDP when the three southernmost states of Paraná, Rio Grande do Sul and Santa Catarina are added. Brazil's economy has advanced from a rural basis to an industrial basis, with agriculture's share of GDP going from 25 percent to 10 percent since 1950. However, Brazil's agricultural trade surplus was US$20 billion in 2002, and the agribusiness sector as a whole is said to account for 27 percent of GDP as well as one in every five jobs.

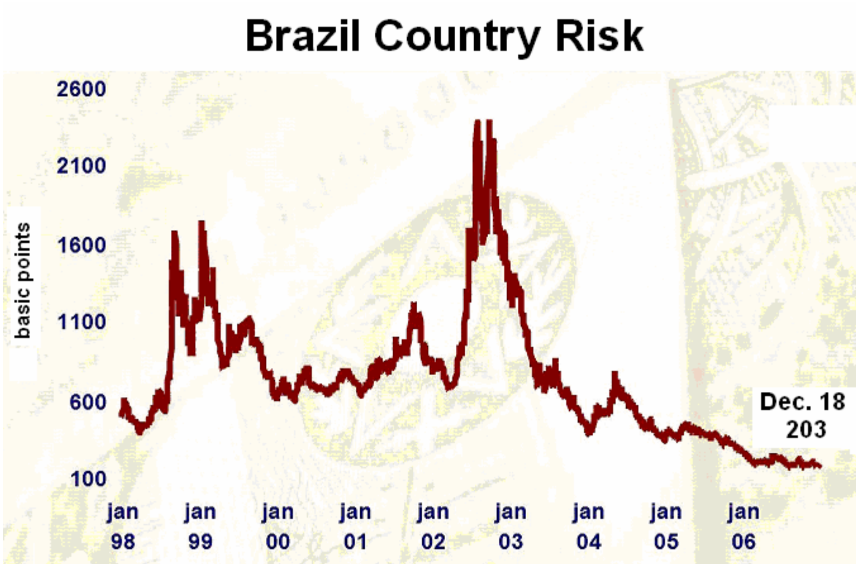
Recent Economics

Most Latin American countries, including Brazil, absorbed excess world capital in the 1970s, borrowing heavily. Crushing external debt contributed to triple-digit Consumer Price Index increases in the 1980s and into the 1990s, as debt-and-interest payments absorbed large proportions of federal budgets. The *Real* Plan, introduced in 1994, brought several years of economic growth and controlled inflation (366 percent inflation in 1987 versus less than 10 percent in recent years.) With growing debt and high inflation, fears of default brought on by external shocks increased, and the plummeting value of one Brazilian currency after another contributed to lack of competitiveness in a society already effectively blocked against foreign investment by the old governments' import substitution schemes.

> ***``Particularly Brazil, India and China, are becoming the new epicenter of forces shaping world agricultural production and trade."***
> *-- Report issued by Organization for Economic Cooperation and Development and Food and Agriculture Organization of the United Nations*

The Asian financial crisis, together with Brazil's mounting trade deficits and runaway government spending, led to a recession and currency devaluation in 1999. Brazil has since recovered and is experiencing steady and sustainable, if not spectacular, growth. By then, Brazil had enough economic fundamentals in place to weather the storm. Brazilian interest rates must remain high to attract foreign investment. But those high interest rates in turn, slow down economic growth. Brazil's economy has grown two-to-three percent annually in recent years.

Country risk



Source: Brazilian Central Bank

Country risk for Brazil retreated from nearly 2400 points in 2002, to its lowest-ever rating of 194 in December of 2006. Meanwhile, by the end of 2006, Moody's Investors Service had raised Brazil's credit rating to Ba3, joining Standard & Poor's, which had earlier upped the country's credit rating to BB-.

Countries with higher ratings, of course, may enjoy lower interest rates, but Brazilian commercial interest rates remain high, although the country subsidizes those rates for agricultural investments such as equipment. And in 2006, the government spent US$106 billion on price support auctions for soybeans and corn. Country risk has decreased. The government also rolled over some farm debt, in recognition of Brazil's reliance on agricultural commodity exports.

That reliance is heavy. Agriculture has been behind the country's improvement. Brazil, a global agricultural powerhouse because of its rich natural resources, ranks among the world's top five producers and exporters of all of the following products: sugar, ethanol, coffee, orange juice, tobacco, beef, poultry, soybeans and oil, corn and pork.

Currency

Throughout the inflation-plagued 1980s, Brazil went through a number of currencies—some arrived at by simply removing three zeroes from the old currency. The cruzeriro, cruzeiro novo, cruzado and the cruzado novo are four examples of a new currency accompany-ing another inflation-fighting plan. The *real* has been Brazil's currency for the past 12 years. Tied to the dollar, the *real* was later allowed to float. But the currency (and the economic plan accompanying it—see below) is widely credited for Brazil's normally single digit annual inflation rates of today.

Interest rates

Brazil has suffered from some of the world's highest interest rates, though recent reductions in country risk have allowed the country to attract foreign money at lower cost. Consumer credit cards and bank overdraft protection remain extremely high, and even bank interest rates are as high as 49 percent. The federal government subsidizes agricultural interest rates for machinery purchases and operating expenses, often at 12.75 per cent and 8.75 per cent through programs such as Finame and Moderfrota (see later reference.) Additionally, many agricultural processors operating in Brazil finance operating expenses against the crop in the ground. In January, 2007, one processor offered operating loans of up to US$55 per acre against the crop to be planted plus land as collateral. It is generally argued that while the interest rates, effectively dollar-ized, of such loans are low, a higher price is charged for the inputs than would be charged for a walk-in purchase. Still, considering Brazil's high interest rates, many farmers have come to count on processor financing.

Trade Policy

Brazil's nearly US$28 billion agri-food trade surplus is the largest in the world. The Brazilian government's current agricultural trade policy, based on the country's role as a major agricultural producer and exporter, often uses import measures to protect producers. Brazil imposes moderate tariffs, sanitary and phytosanitary standards, import licenses, and a considerable number of import taxes and fees as policy instruments. The Brazilian government passed a major trade-policy reform package in 1990 that featured major tariff cuts. The 1995 Mercosur Tariff Agreement with Argentina, Venezuela, Uruguay and Paraguay (with potential accession of Bolivia in 2007) lowered import tariffs with member countries.

The Brazilian government generally does not provide direct subsidies to exporters (even the above-mentioned Pepro and Pesoja auctions were actually price premiums paid almost exclusively to processors,) but instead uses the Bank of Brazil Export Financing Program (PROEX) for providing export credits and cash advances for export products. PROEX was designed to equalize the domestic and international interest rates for export financing and to directly finance production of exportable goods. The Brazilian government in 1990 removed export taxes that it formerly imposed, including those on beef and soybean products.

Through currency devaluation and loans from the International Monetary Fund, Brazil weathered a 1999 financial crisis. The currency devaluation made Brazilian exports more competitive globally, and Brazil, despite infrastructure problems (highways and ports) has experienced steady, if unspectacular, annual GDP growth, in the range of 2.5 to 3 percent annually.

Bio-energy in 2006 became another focus of Brazilian agricultural trade policy, with numerous international missions of Brazilian officials to Japan and other countries, pressing governments to sign deals for the import of fuel alcohol.

Trade Agreements

Although Brazil is a large market, Mercosur may limit growth of U.S. agricultural exports to Brazil. Mercosur is a customs union between Argentina, Brazil, Uruguay and Paraguay, established by the Treaty of Asuncion on March 26, 1991. Chile and Bolivia are associate members, with possible Bolivian ascension to full membership in 2007. A Mercosur provision, the Common External Tariff (CET) system, eliminated most tariffs between the member countries, with a few exceptions, but tariffs apply to products from other countries. Mercosur's net effect is to increase Brazil's real GDP, agricultural income and agricultural trade.

While Mercosur is an important step toward South American market integration, it affects U.S. trade negatively. A USDA study demonstrated that lowering tariffs among Mercosur members would lead to a decline in total U.S. exports and U.S. agricultural exports to Mercosur nations. Lowering the CET to non-member countries might increase total U.S. exports (non-agricultural and agricultural) to Mercosur, but the effects on agricultural exports to Mercosur are negative.

The Free Trade Area of the Americas (FTAA) is a proposed agreement between the United States and 33 Western Hemisphere countries that aims to eliminate tariffs and other trade barriers and encourage investment among these countries. The proposed FTAA would merge a multitude of bilateral and multilateral agreements in the hemisphere, which proliferated in the 1980's and 1990's, into a comprehensive agreement.

A USDA study of the proposed agreement indicated that Brazil's GDP would grow due to FTAA. Brazil's farm income and agricultural trade would increase, especially if the United States joins the FTAA. U.S. wheat and rice exports to Brazil would increase. U.S. cotton exports might increase. Through FTAA, Brazil would be competitive with the United States, especially in poultry and soybean products. The United States would import more sugar and orange juice from Brazil, according to scenarios in the USDA study.

The current administration has been hostile to free trade involving the United States, prodded by domestic industries, such as toys, that benefit from protection against U.S. competition. Other industries have pushed for a free trade agreement, such as the textiles industry.

Agriculture

Agricultural represents eight percent of Brazil's GDP, and production prospects will likely improve in the short and medium terms. Agribusiness generated US$38.4 billion in receipts in 2005. The conversion of undeveloped land to arable land may gain momentum before 2010, as bio-energy demands increase worldwide. Brazil's sugarcane planted area has increased from 12 million acres in 1991 to nearly 14 million acres in 2005. As sugarcane moves north into Brazil's Center-West, it is displacing grain and oilseed production. Municipalities in states like Golás, with the nation's second-largest broiler population, are hurriedly passing laws limiting the maximum amount of sugarcane that can be planted, and Goiás processors are keeping lines full by importing soybeans, for the first time in quantity, from neighboring states.

Arable land, particularly coming from cultivated pastures, may increase significantly as prices for both grains and oilseeds, and for fuel feedstocks, increase. Waterway and railroad transportation is also expected to improve as well, with progress on projects such as the North-South Railroad, which is planned to link Tocantins state with ports in Sao Paulo.

Soybeans

Brazil is the number-one soybean exporter in the world, and second-largest producer of soybeans. The soybean industry will continue an upward climb in production and trade in the coming decade. Soybeans and soybean products are Brazil's largest foreign exchange earner, and Brazilian soybeans and products compete directly with U.S. soybeans in third-country markets. Both increasing area and increasing yields will boost production. The need for bio-energy, ethanol from sugarcane and biodiesel (mandated at a two percent blend beginning in 2008, nationwide) will not be the only driver behind price and planted-area expansion.

As farmed area increases in the Center-West (Mato Grosso, Mato Grosso do Sul, and Goias), and transport costs decrease—due to an improved transportation system (for example the North-South railway, and BR-163 connecting the Center-West with the port at Santarém,) along with increasing meat production in the region—growth will continue. Local currency fluctuation vis-à-vis the U.S. dollar, have meant two years of high input costs at planting, and low crop returns at harvest. But government price support auctions and debt rollover schemes appear to have helped.

The demand for soybeans in the crushing industry is forecast to increase steadily. Soybean use for cooking oil will continue to grow with an increase in consumer spending resulting from GDP growth, and relatively high population growth averages (more households.) Brazil's pork and poultry industries will require more mixed feed which will use more of Brazil's soybean-meal production domestically. Brazilian pork production was forecast to rise more than three percent in 2006, for total pork production of 2.8 million tons. Meanwhile Brazil seems poised to continue its position as the world's third-largest pork exporter.

Beef

In 2004, Brazil overtook Australia as the world's largest beef exporter. With a herd of 165 million head, Brazil is one of the world's largest beef producers. Most of the country's beef production is consumed domestically, but a temporary ban on Argentina's exports of beef, in 2006, the bird-flu crisis, and concerns over BSE in some northern-hemisphere countries, were expected to contribute to increasing Brazilian exports, from 2005's 1.8 million tons. However, growth may be limited by recurring instances of foot-and-mouth disease. Only about 20 percent of all Brazilian cattle are raised in any environment other than the pasture, says a USDA official.

Brazil's rise to dominate the world beef market is not a short-term phenomenon

-- USDA report

Mato Grosso, Mato Grosso de Sul, Goiás and Minas Gerais states lead in the sizes of beef herds, nationally. The Center-West region as a whole supplies mor than a third (34.7 percent) of the national herd.

Brazil exports processed beef. Changes in the sanitary requirements for foot-and-mouth disease (FMD), however, may affect Brazil's beef industry. The future for Brazil's beef exports depends on Office of International Epizooites (OIE) clearance of the major cattle-producing regions of Brazil as free of FMD after vaccination.

Herd	Number of animals 2003	Number of animals 2004	Change 2004/2003
Cattle	195,551,576	204,512,737	4.58
Hogs	32,304,905	33,085,299	2.42
Horses	5,828,376	5,787,250	-0.71
Buffalo	1,148,808	1,133,622	-1.32
Goats	9,581,653	10,046,888	4.86
Rabbits	335,555	324,582	-3.27
Sheep	14,556,484	15,057,838	3.44

Brazilian per capita beef consumption, at more than 82 pounds, is high for South America (though somewhat less than that of Argentina,) and future increases may be modest because such a high level has already been reached. However, due to elasticity of demand, limited increases in domestic consumption could take place as the economy improves. Beef has long been the preferred meat over pork and poultry, and is affected the most by the economic well-being of consumers. However, beef consumption versus chicken consumption has long been said by industry observers to be extremely price-elastic.

Brazil's enormous herd is likely to increase over the next decade, which translates to continuing increases in beef production for both domestic consumption and exports. About 60 percent of Brazil's beef exports are canned products. In the past, Brazil used intervention mechanisms such as export taxes, consumption quotas, and prohibition of live-animal exports, but these mechanisms are gone. The declaration of certain areas as being free of FMD could contribute to growth of beef exports, especially fresh and frozen meat.

Pork

Brazil has traditionally been a backyard pork producer, with low consumption. Even that was limited chiefly to cooler-temperature months. Today, Brazil is the world's fourth-largest pork producer, responsible for 15 percent of world pork shipments overseas. Large investments in sow production in the Center-West may bring significant increases in pork production. Pork production depends on feed costs and availability. As Brazil's corn and soybean production increase, pork production is likely to grow rapidly over the next decade.

Increased production translates to just over a kilogram increase in per capita consumption of pork over the coming decade. Per capita pork consumption is forecast to grow, from a small base, as consumers have more money to spend on meat. Meanwhile producer groups are active in supermarkets, mainly in southern Brazil, promoting year-round pork consumption.

As Brazil exploits its comparative advantage as a corn, soybean meal and pork producer, more Brazilian pork products will appear in international markets. Pork exports are small compared to poultry and beef. Russia continues to be a major market for Brazilian pork.

Poultry Meat

In 2005, Brazil edged out the United States as the worlds leading broiler exporter, with 39 percent of the world market. It ranked second in broiler production. As poultry exports increase and an improved economy increases consumer demand, the potential exists for poultry production to continue its strong growth. Brazil's modern poultry industry has exported poultry for more than a decade. Poultry production in Brazil is still concentrated in the southern state of Santa Catarina, but Goiás, in the Center-West now has the second-largest broiler population in Brazil, and production in the Northeast has risen. In both cases, production has to some extent sought cheaper availability of soybeans and corn, whether by local production or by ocean imports from Argentina or the U.S.

Domestic poultry meat consumption is forecast to increase strongly in the next decade and could approach the level of beef consumption. Higher disposable incomes and more consumption of fast foods will fuel the increase. Brazilian poultry exports are forecast to increase as other countries increase fast-food consumption. The United States and Brazil do not import each other's poultry. The two countries compete vigorously in third-country markets, with Brazil holding a strong export position in the Middle East.

Wheat

Wheat and flour are the only staple foods that Brazil imports. Argentina is Brazil's principal supplier. The United States and Canada provide hard wheat. Brazil has at times, followed a self-sufficiency policy, but at considerable cost. The Brazilian government abandoned the self-sufficiency plan because of the high cost of protectionist policies, so Brazil has few programs to support the wheat industry.

Brazil produces wheat in a limited area. The strengthening of trade agreements with Argentina, a world-class wheat exporter, has especially affected Brazilian wheat farmers. Despite the Mercosur trade agreement, frequent arguments over whether Argentine wheat meets minimum standards for preferential treatment (the adding of salt, for example, to wheat flour) causes frequent blockages and delays. Wheat area will decline, but production will increase because yields will continue to grow.

Wheat imports will continue to grow, with Brazil as the world's largest wheat importer in 2001. Argentina is the principal source of Brazilian wheat imports, along with Canada and the United States. An important phytosanitary agreement regarding U.S. exports of soft winter wheat to Brazil was reached in October 2000, while a similar agreement regarding hard winter wheat was already in effect.

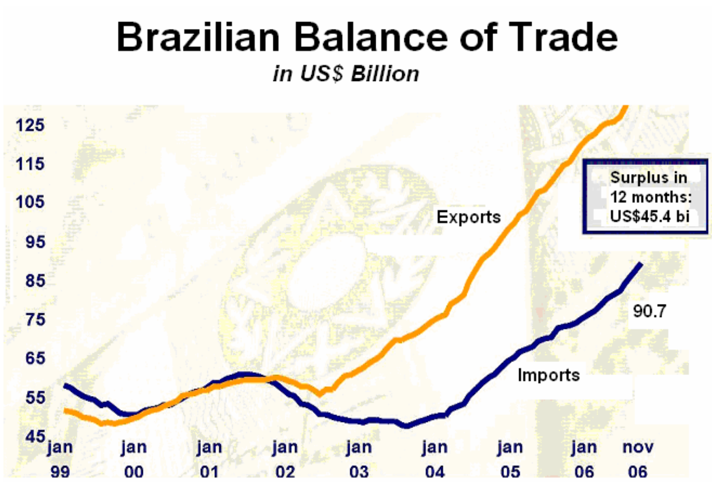
Trade Issues with the U.S.

Contentious issues between Brazil and the United States include

- Newcastle disease issues on Brazilian poultry,
- The U.S. cotton program (WTO suit won by Brazil)
- The U.S. tariff on soybean oil, and
- Eradication of foot and mouth disease in cattle.

Brazil's tariffs, except for dairy products, are not burdensome. However, U.S. agricultural products face many other constraints in access to the Brazilian market, although U.S. agricultural exports increased sharply since the early 1990's. Sanitary and phytosanitary measures for poultry, wheat, nuts and high-value fruits constitute the primary barriers for U.S. agricultural exports.

Brazil bans the entry of U.S. poultry because of its own poultry industry. U.S. wheat was banned because of the fungus tiletícia controversa kune (TCK) until Brazil removed the ban in October 1998. Brazil and the United States agreed in October 2000 on terms that will allow a resumption of Brazilian imports of U.S. soft red winter wheat and hard red spring wheat.



Genetically engineered crops have been a concern that seems partially resolved. The Brazilian Ministry of Agriculture granted Monsanto approval for the harvest of genetically engineered soybeans, despite opposition from the States of Rio Grande do Sul & Parana. A biotech cotton variety has also been approved. Monsanto's and Bayer's genetically-engineered corn varieties were under consideration at the end of 2006, pending court intervention in the decision..

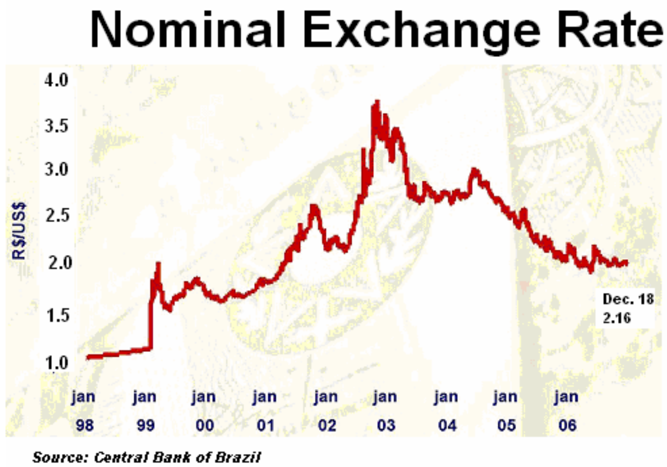
The following fiscal measures act as trade barriers:

⇒ Cash sales requirements on corn and rice with no possibility of credit or financing, pricing U.S. suppliers out of the market, except for corn entering the North/Northeast regions

⇒ The Merchant Marine Tax, a 25 percent surcharge on the value of the freight for imports (except for products being imported into the North/Northeast)

⇒ Temporary import licensing requirements and price review/minimum import price policies

Exchange Rates



Source: Central Bank of Brazil

The Brazilian currency is called the *real* and by the end of 2006 was hovering at approximately 2.16 to the U.S. dollar, after having gone to a three-to-one rate and higher prior to the election of Brazilian President Luiz Inacio Lula da Silva. Observers credit Brazil's lowered country risk numbers and a weakened dollar worldwide for this low showing. The U.S. dollar was worth 2.89 *reals* at the outset of 2004; 2.67 *reals* at the beginning of 2005; 2.33 in January of 2006, and headed into 2007 at about 2.15-to-one. The chart on the right shows the value of the Brazilian real against the U.S. dollar since January of 2005.

Exchange rates over the course of history have accounted for approximately 25% of the change in value of U.S. agricultural exports, including soybean exports. During the period of 1997-2002, the U.S. Dollar appreciated relative to the value of the Brazilian Real* by over 50%, creating a strong net pricing advantage for Brazilian soybean exports.

Inflation

Observers estimated Brazil's inflation at a relatively low 5.3 percent for 2006, with the prediction of 4.4 percent inflation in 2007. Meanwhile Brazil's central bank forecast 3.9 percent inflation for 2007. Inflation for 2005 was estimated at 6.8 percent. An increase in inflation experienced during the first six months of 2003 was related to the aftermath of the electoral process, acting in combination with the sharp devaluation of the Brazilian *real* that occurred in the second half of 2002. Inflationary pressures are seen to be easing in the last quarter of 2003; due in part to the Central Bank's tightening of monetary policy.

Brazilian inflation policy and budget practices have kept inflation in the single digits, after a long cycle of hyperinflation in the 1980s. Commentators agree that, with inflation under control, Brazil's next challenge is to ease the costs of doing business in Brazil (the so-called *Custo Brasil*, or Brazil cost) to improve the business climate.

Employment

By November, 2006, official unemployment, measured by Brazil's IPGE census bureau, was 9.5 percent, compared to 9.6 percent for November of 2005. Unemployment peaked in June 2003 at 13% before beginning a decline to a rate of 12.8% at the end of July of 2003..
Sources: Banco Central Do Brasil, Instituto de Geografia e Estatístia

Gross Domestic Product

The crop and livestock sector turned in the highest rate of growth in GDP for the first two quarters of 2003 at 5.7%, driven mostly by export sales of soybeans and meat products. Gross Domestic Product for the entire Brazilian economy grew by just .3% for the first six months of 2003.[1]

[1] Source: Banco Central Do Brasil

Credit

Aside from price bonuses offered for corn and soybeans in 2006 and scheduled for 2007, disbursements made to the Brazilian crop and livestock sector by Banco Nacional de Desenvolvimento (BNDES, national development bank) reached nearly US$2 billion, according to a BNDES report. BNDES loans for agribusiness are budgeted to reach nearly US$4 billion in the 2006-07 crop year.

This amount is impacted by the larger supply of resources for investments in modernization of facilities and infrastructure and soil recovery efforts. Important to note was the impact of the additional resources available via the lending program entitled Program of Modernization of Farm Tractor Fleets and Associated Implements and Harvesters (Moderfrota)*. Demand for both of these programs was strong

Strength of the Real

Exchange rates strongly affect Brazil's competitiveness in agriculture. The 1999 devaluation of the real, for example is estimated to have brought about a 20 percent increase in the soybean planted area in the 2000/01 crop year, and a 35 percent increase in Brazilian soybean exports, according to USDA.

The exchange rate picture has increased difficulties for many farmers in Brazil, particularly in the state of Mato Grosso. The dollar-real exchange rate, floating more than ever, has meant a much weaker *real* at input-buying time than at product-selling time. Combined with high world petroleum prices, and two years of spotty rainfall in the South, Brazilian farmers blocked farm to market roads and held a large tractor-cade protest on the national capital of Brasília. The government responded with a series of commodity auctions, (Pepro and Pesoja) in an effort to help producers pay down debt accumulated over recent years. The auctions will continue at least at the outset of 2007, but estimates are Brazil spent up to US$2 billion in 2006 to prop up agricultural prices for soybeans and corn.

Economic Plan

The *Real* Plan was introduced in mid-1994 to control inflation in Brazil through de-indexed prices and tight credit and fiscal policies. Brazil experienced hyperinflation (greater than 1,000 percent in 1994), so the economy needed a jumpstart. Privatization of government-owned industries, and a new currency, the *real*—initially pegged to the U.S. dollar—were keys to the program. The *real*-dollar exchange rate was a crawling peg until January 1999, with the *real* allowed to depreciate against the dollar within a floating range.

Proponents point out an influx of every-day Brazilians entering the sphere of economic activity for the first time, as a result of the *Real Plan*. Able to make relatively small monthly payments, day laborers, housekeepers and agricultural workers for the first time owned cell phones, washing machines and other goods which, during hyper-inflationary periods, were out of their reach. Critics, on the other hand, argue the *Real* Plan provided only a temporary improvement for Brazil's economic performance but led to the recent financial crisis. The currency became overvalued, so that imports became inexpensive, which encouraged imports. Exports were expensive to other countries, so exports fell. The *Real* Plan is still in effect, but, in response to external shocks and the threat of a run on the overvalued currency, the Brazilian government allowed the *real* to float in January 1999 as a remedy to the financial crisis.

The *Real* Plan, however, caused financial difficulties for many farmers. Those who had counted on continued high inflation in their production and loan plans were put under stress during the early years of the plan. Producers with large debts, expecting principal to erode from high inflation, were caught in a transition to low inflation. The soybean sector, however, benefited from the Real Plan, as a stable economy and low inflation stimulated investments in transportation and marketing infrastructures.

Agricultural Improvements

Brazil has the potential to increase its agricultural production area, making it more competitive in international markets, and putting downward pressure on prices in major commodity markets. Brazil is one of the few countries in the world that increased its agricultural land base during the 1990's, with the base growing from 240 million hectares (595 million acres) to 250 million hectares (620 million acres). Brazil's arable land area increased from 45.6 million hectares (113 million acres) in 1990 to 53.2 million (131 million acres) in 1998. Much of the increase was in cultivated pastures, especially in Mato Grosso, Mato Grosso do Sul, and Tocantins. The increase in agricultural land led to a 37 percent increase in Brazil's agricultural production during the 1990's.

Soybeans benefited from the increase in arable land. Brazil introduced new soybean varieties suitable for the tropical savannahs (cerrados) in Goias, Mato Grosso do Sul, and Mato Grosso.

But transportation costs increase as soybean production moves farther from ports and the infrastructure of the south. Despite nearly $3 billion spent on transportation infrastructure from 2001 through 2006, up to 70 percent of Brazilian highways are rated by the government as being in “average” or “poor” condition. Brazil has 42,000 miles of highway, of which less than 33,000 miles are paved. Still, the transportation system for commodities from remote areas has improved, which was also a catalyst for growth of soybean cultivation. Large investments made improving the river and rail traffic infrastructure possible. Exports from remote areas are now feasible. Transportation costs have declined in the Northwest Corridor—the waterway that connects the Madeira River to the Amazon River port of Itacoatiara—and in the Center-North Corridor, connecting the State of Mato Grosso to the northern port of Ponta da Madeira in San Luis, Maranhao. The railway from Alto Taquari, Mato Grosso, to the port of Santos was estimated to have lowered soybean transport costs by up to 30 percent, whether by rail or competing truck. And the North-South Railway, from Tocantins to São Paulo, has begun, though with less than 100 km of track has been laid so far.

New areas in Tocantins are now cultivated. As late as 2000, less than 60,000 ha of soybeans was planted. By 2005, the soybean planted area had reached 355,000 hectares. The Tocantins-Maranhão area has a planting potential of 3 million hectares, putting this region on a par with Rio Grande do Sul, one of the main traditional soybean-producing areas (3 million hectares) and Mato Grosso, usually the top soy producer or the number-two soybean state, at 2.4 million hectares in non-crisis years.

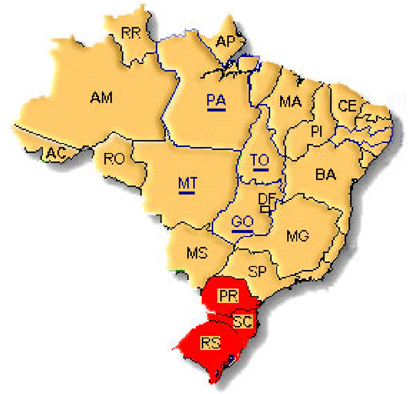
Agricultural Regions

Brazil is divided into five regions, each comprising several states. These regional groupings are not only sometimes jurisdictional (as in the case of some governmental agencies) but also serve fairly well to reflect crop diversity. The official regional divisions are South, Southeast, Center-West, Northeast and North.

South

Brazil's South includes the states of

⇒ Rio Grande do Sul
⇒ Santa Catarina
⇒ Paraná

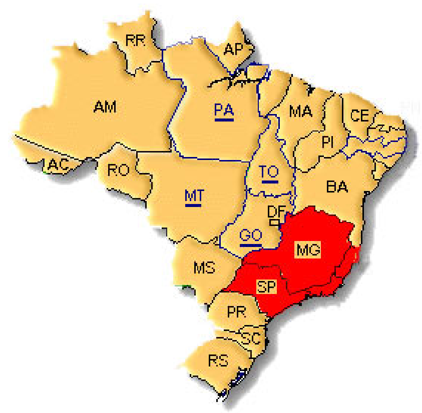


Santa Catarina remains the nation's largest producer of pork and broilers, and Paraná ranks near the top in annual soybean production. Rio Grande do Sul is also a top soybean producer, and leads the nation in adoption of agricultural biotechnology. Soybeans got there start, in Brazil, in the South. In addition, the region provides much of Brazil's rice and corn. As in all of Brazil, soils tend toward acid, but clay content is good, and land values are high.

Southeast

The Southeast includes the Brazilian states of:

⇒ Rio de Janeiro
⇒ São Paulo
⇒ Minas Gerais
⇒ Espírito Santo

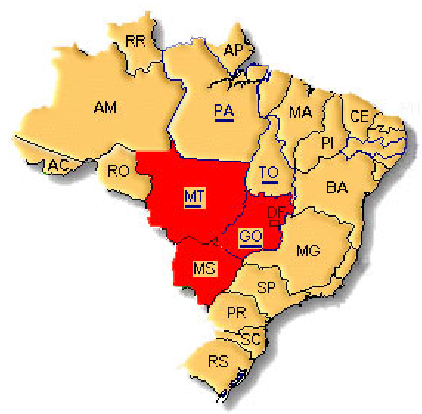


The South and Southeast together hold a disproportionate share of Brazilian wealth and political power. The region leads the country in sugarcane, potatoes and oranges, coffee and dairy. Meanwhile It boasts significant soybean and corn production. Along with the Center-West, this region enjoys some of the best roadways in the nation, as well as Paranaguá, Brazil's second-largest port.

Center-West

The states of

⇒ Goiás
⇒ Mato Grosso do Sul
⇒ Mato Grosso



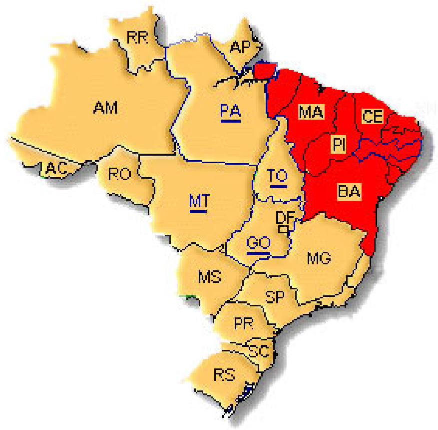
make up Brazil's Center-West. The development of soybean varieties adapted to lengths-of-day more common to more northerly latitudes has opened this area up to broad agricultural production. In order to avoid high transportation costs, pork and poultry production has followed. The Center-West today is the second-larges Brazilian producer of broilers and hogs. It produces much of the domestic soybean crop. As sugarcane production increases, especially in the southern end of the region, soybean, corn and cattle production is moving northward. Cotton production has moved to this region from the Southeast as well.

The states of Parana and Rio Grande do Sul, where climate and rainfall are temperate, grow wheat, rice, and soybeans, using modern techniques with good transportation infrastructure. The area produces most of Brazil's food and export crops, based on high chemical fertilizer use. Sao Paulo produces most of the oranges, while cocoa beans are concentrated in the more tropical Bahia region. Infrastructure in this region is generally good, and the Port of Santos, Brazil's largest, lies in the State of São Paulo. Combined with the presence of the port, the Center-West's large manufacturing base can make for generally lower input-costs for farmers in the region.

Northeast

Cotton and soybeans have moved into higher elevation areas of this region, composed of the states of:

⇒ Alagoas
⇒ Bahia
⇒ Ceará
⇒ Maranhão
⇒ Paraíba
⇒ Pernambuco
⇒ Piauí
⇒ Rio Grande do Norte
⇒ Sergipe

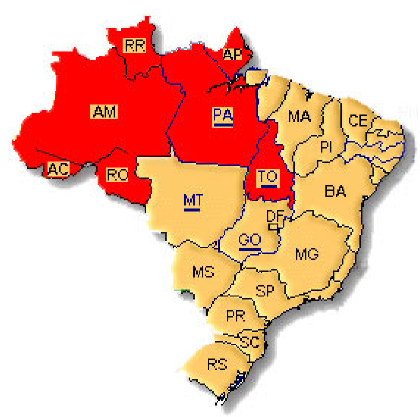


Sugarcane production in Brazil began in this region, and continues strong today. Additionally, poultry production has arrived. The Northeast is Brazil's largest cocoa producer. Cotton is being produced in the western part of the state of Bahia. Large scale soybean production has established itself there as well, and in Piauí. Soybean production is moving into other areas of the region as well. The region enjoys a longer rainy season—despite fairly frequent dry spells—than other production areas in Brazil. In Bahia, however, rainy season tends to end abruptly at the end of April or in early May, making the location a favorite for cotton producers. Clay content in parts of Piauí can reach 35 percent, making the area favorable for soybeans despite some dry periods during the growing season. Infrastructure is mostly poor, but large processing companies have been expanding their operations in the region, and plans are underway for a railway and port construction.

North

This region is comprised of the following states:

⇒ Acre
⇒ Amapá
⇒ Amazonas
⇒ Pará
⇒ Rondônia
⇒ Roraima
⇒ Tocantins



Brazil's North is dominated by the Amazon Rain Forest. The environmental reserve for farms in the region is typically up to 80 percent. The area is a leading fish-farming region, and is producing increasing amounts of rice, corn and soybeans. This is particularly true of Tocantins, which lies within the region, but most of whose land mass is *cerrados* (or savannah) grassland, and not rainforest. That means that rainforest regions of Tocantins, for example, have an 80 percent environmental set-aside. But much of the state has a 35 percent set-aside. Oceangoing ships can navigate the Amazon as far as Manaus. A combination of new Amazon ports (Itacoatiara and Santarém) and railway expansion (examples: North-South Railway and the Ferrovia Vicente Vuolo.)

Agriculture Support Programs

Until recently, Brazil used high variable tariff rates, along with complex import licensing requirements and agricultural marketing boards to protect its agricultural sector. It published floor prices and government-held stocks for basic commodities and provided farmers with subsidized credit. At the same time, Brazil imposed federal taxes on agricultural exports in addition to an array of State taxes, as well as interstate transit taxes and value-added taxes on goods as they moved through stages of production. Brazil mostly taxed agriculture, taxing beans, cocoa, corn, and sugar and subsidizing rice, cotton, soybeans and wheat. During the mid-1990's, budget constraints led to the gradual elimination of many agricultural subsidies, including minimum guaranteed prices, government-owned buffer stocks, and low-cost credit. By 2000/01, the Brazilian Ministry of Agriculture offered more resources for agricultural production and marketing credit, and investment credit.

Minimum support prices, 1995 and 1999

Agricultural product	1995 $/MT	1999 $/MT	Production and marketing credit
Cotton	704.9	400 (7R$/15kg)	Yes
Edible beans	402.8	360 (26R$/60kg)	Yes
Maize	100.7	N.A.	Yes
Rice	201.8	125 (9.30R$/60kg)	Yes
Sisal	302.1	N.A.	Yes
Soybeans	136.61	130 (9.50R$/60kg)	Yes
Wheat	126.57	N.A.	Yes

N.A.: not available. Source: CONAB and Ministry of Agriculture.
Note: Minimum prices are regional. The minimum prices quoted here are the highest minimum prices quoted.

Brazil's Ministry of Agriculture gradually withdrew from buying and selling commodities under price support in 1995, although the programs are still on the books today, with minimum-support prices for cotton, edible beans, corn, rice, soybeans, manioc and wheat. The National Food Supply Company (CONAB) sold most of its stocks of corn and rice, but still offers marketing loans through the *Governo Federal Sem Opcao de Venda* (EGF/SOV) program, under which farmers may deliver their products to CONAB. Only certain States of the 26 are eligible for commodity loans for cotton, rice, beans, corn, soybeans and sorghum. CONAB also offers a number of financial instruments such as commodity mortgages and electronic auctions to replace direct government intervention in the market. Under the Subsidy Auction Program, the government holds auctions when the market prices fall below a minimum price. The Brazilian government pays the difference between an auction and a minimum price. This program applies to products in the guaranteed minimum-price program. This program is for wheat, corn, cotton, and rubber. While the Brazilian government has generally increased guaranteed minimum prices in *reals* (the currency of Brazil), devaluation has caused the prices in terms of dollars to decline. The government auction system, as discussed earlier, continued through 2006 to be the preferred method of aiding the farm sector.

Credit

Credit allocation also influenced crop production, as the government reduced interest rates on rural credit from a flat 12 percent (1997 crop). Through at least the 2006/07 crop, the interest rate of most production loans was 8.75 percent, though higher for farmers above a minimum income level. The Sistema Nacional de Credito Rural (SNCR) offers credit at 8.75 percent to growers who sell their products to EGV/SOV. The highest credit limits are for cotton (US$185,000, or R$400,000), then corn. The credit limit for soybean growers in the Center-West is US$93,000 (R$200,000).

In 1997, and again in 2006, the Brazilian government also had a debt-relief package through which Brazilian farmers rescheduled debt up to US$180,000, with repayment over 7 to 10 years at 3 percent interest per year. The 2006 version of debt relief was chiefly rollover of Banco do Brasil and other official lending institution debts for farm activities. A subsequent amendment to the 1997 action allowed farmers with debts up to US$450,000 to repay over 20 years at an 8 to 9 percent interest rate. Farmers with debts over US$1 million have a 10 percent interest rate.

In 2001, the FINAME program was introduced to lend funds to modernize tractors and implements at an interest rate of 14.5 percent for a term of five years. Moderfrota loans are available through numerous accredited banks, including farm equipment manufacturers' banks. Programa Nacional de Fortalecimento de Agricultura Familiar (PRONAF) is geared to low-income farmers. Small producers are entitled to production loans based on an equivalency concept where farmers pay back loans with an equivalent amount of the crop, with a calculated interest of 3.75 percent. These loans are available for cotton, rice, corn and wheat. Many of these programs are run through the National Bank for Economic and Social Development (BNDES). The BNDES system's mission is to foster economic and social development in Brazil by providing financial support to agriculture, industry, infrastructure and commercial services.
Observers expected Brazil to lower its benchmark interest rate to 11.5 percent by the end of 2007, down from 19.75 in September of 2005.

Biofuels

In the 1970s, when political instability and high fuel prices struck, Brazil identified access to reasonably-priced gasoline and diesel fuel as a national security issue. It has been estimated that more than ninety percent of consumer goods in Brazil, and the same proportion of inter-city travelers, travel by diesel-powered semi-truck or diesel-powered bus. At that time, Brazil established two agriculturally-based alternative fuel development programs: Proálcool for Otto cycle engines, and Pro-óleo for diesel vehicles. The latter was mothballed not long after, but the alcohol program flourished. With more than four million 100 percent alcohol-burning vehicles on highways, Brazil was a world leader in ethanol. Alcohol as an automotive fuel dropped in popularity at the turn of the century, with lower petroleum prices and a seemingly unending supply of petroleum. But government mandates for all service stations to have an alcohol pump, and for at least 25 percent of gasoline to be blended with alcohol, paid off. And ethanol from sugarcane is reported to enjoy a better energy ratio than ethanol from corn.

By early in the first decade of the new century, petroleum prices were hitting all-time highs, and flex-fuel vehicles were being marketed, increasing Brazil's use of its home-grown fuel and distribution system, and sharply increasing Brazilian ethanol exports. About this time, a national strategy of biodiesel use returned. Diesel use, after all, comes to about 60 percent of Brazil's total fuel consumption.

Sugarcane planted acres are migrating North from western Paraná state and São Paulo, as new refineries and pipelines are discussed for Goiás, Mato Grosso and Minas Gerais. A possible alcohol pipeline connecting Brasília with the port of Santos has already contributed to an explosion of sugarcane planted area in Goiás state. In Mato Grosso do Sul state, in

2006, the soybean planted area dropped 10 percent, while the area devoted to sugarcane went up 28 percent, to 440,000 acres.

By January 1, 2008, Brazilian law dictates that two percent of all diesel fuel must be made from renewable, often agricultural, resources. In the first 11 months of 2004, Brazil used 39 billion liters of diesel fuel. A mandatory two-percent blend would account for about 200 million gallons of vegetable oil per year. Legislation demands five percent biodiesel blends nationwide by 2013.

Petrobrás, the state oil monopoly, has developed H-Bio, a new method for producing biodiesel blends. The process involves the addition of the renewable feedstock during the refining process for petroleum diesel, creating a product Petrobrás says is lower in sulfur.

The Worker's Party government has seen the biodiesel program as a way of getting income into the hands of poor producers. As such, there are significant tax breaks for certain crops to be used as feedstock. Typically, these are crops that can withstand poor soils, and whose production does not necessitate ownership of a tractor of spraying equipment. The most talked-about feedstock candidates include castor beans and black vomit nut. That said, cotton and soybean processors have been establishing biodiesel production units. Enforced demand for increasing biodiesel blends will likely encourage use of more massively available feedstocks, such as soybean oil, despite extra government incentives for other crops.

The diversion of corn production for ethanol in Iowa and Illinois has meant less corn may be available on world markets. Brazil's increasing sugarcane production to meet ethanol demands (2006 sugarcane production was estimated to be eight percent greater than that of 2005) has pushed cane and soybean production.

With gasoline and diesel prices at record highs and governmental instability in many of the world's petroleum-producing nations, Brazil is placing its bets on agri-fuel. But with other developing countries, such as China with its population of a billion, growing at nearly ten percent annually, demand for rations from soybeans and corn will likely increase even as demand for agri-fuels from these crops also climbs. Brazil has the land area and the infrastructure to accommodate this growing demand.

Repatriation of US Capital

During less stable periods of Brazil's economic and political history, it was difficult to bring foreign-owned capital out of Brazil. This situation has been reconciled following reforms to Brazilian economic policy and currency laws in the 1990's. Transfers of this type of capital remain regulated and are subject to local taxation, but as evidence of the success of these reforms, substantial investments are currently being made in Brazil by multinational agribusiness firms such as Cargill, Bunge and A.D.M..

All transfers of capital into Brazil must be electronically registered, and Brazil Operations Director Caiapo will facilitate this process. One hundred percent of the original owner equity transferred in, can be transferred out of Brazil at any time. Capital gains on the original investment and profits are also fully transferable after review by the Central Bank of Brazil.[2]

[2] Source: Investment In Brazil, 8th edition, by KPMG

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

SOUTH AMERICAN SOY, LLC AND SUBSIDIARY

December 31, 2004

CONTENTS

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Independent Auditors' Report

To the Members
South American Soy, LLC and Subsidiary

We have audited the consolidated balance sheet of South American Soy, LLC and subsidiary as of December 31, 2004, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Nova Fronteira South America Agropecuária Sociedade Limitada, (the "subsidiary") a wholly owned subsidiary, which statements reflect total assets and revenues constituting 38% and 0%, respectively, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as to relates to the amounts included for the subsidiary, is based on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of South American Soy, LLC and subsidiary as of December 31, 2004, and the consolidated results of their operations and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
December 8, 2005

South American Soy, LLC and Subsidiary

CONSOLIDATED BALANCE SHEET

December 31, 2004

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 727,698
Investments	201,570
Total current assets	929,268
PROPERTY AND EQUIPMENT	
Property and equipment	452,966
Less accumulated depreciation	128
	452,838
OTHER ASSETS	
Prepaid crop inventory	63,629
Supplier advances	35,961
Other	4,375
	103,965
	$ 1,486,071

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES	
Accounts payable	$ 2,229
Accrued liabilities	6,682
Current maturities of long-term obligations	207,547
Total current liabilities	216,458
MEMBERS' EQUITY	1,269,613
	$ 1,486,071

The accompanying notes are an integral part of this statement.

South American Soy, LLC and Subsidiary

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 2004

Costs and expenses	
Management fees	$ 75,612
Professional services	15,589
Travel	14,222
Marketing	12,264
Office expense	2,617
Utilities	1,676
Other	11,443
Depreciation	124
Amortization	803
Taxes	3,500
General and administrative	8,656
Total costs and expenses	146,506
Operating loss	(146,506)
Other (income) deductions	
Interest expense	1,632
Investment income	(397)
Total other (income) deductions	1,235
NET LOSS	$ (147,741)

The accompanying notes are an integral part of this statement.

South American Soy, LLC and Subsidiary

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year ended December 31, 2004

	Member Units				Aggregate adjustment resulting from translation of financial statements into U.S. dollars	Total
	Class A		Class B			
	Units	Amount	Units	Amount		
Members' equity December 31, 2003	-	$ -	14	$ 5,824	$ -	$ 5,824
Contributions	133	1,330,000	-	-	-	1,330,000
Management compensation	-	-	13.5	48,662	-	48,662
Net loss	-	(75,516)	-	(72,225)	-	(147,741)
Equity adjustment from foreign currency translation	-	-	-	-	32,868	32,868
Members' equity December 31, 2004	133	$ 1,254,484	27.5	$ (17,739)	$ 32,868	$ 1,269,613

The accompanying notes are an integral part of this statement.

South American Soy, LLC and Subsidiary

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2004

Cash flows from operating activities	
Net loss	$ (147,741)
Adjustments to reconcile net income to net cash flow used in operating activities	
Foreign exchange	32,868
Depreciation and amortization	927
Changes in assets and liabilities	
Increase in accounts payable	2,094
Increase in accrued expense	6,682
Decrease in prepaid expense	10,561
Increase prepaid crop inventory	(63,629)
Increase supplier advances	(35,961)
Decreases in other assets	5,958
Net cash used in operating activities	(188,241)
Cash flows from investing activities	
Purchase of property, equipment and land	(245,056)
Purchase of investments	(201,570)
Net cash used in investing activities	(446,626)
Cash flows from financing activities	
Capital contributions	1,378,662
Proceeds from note payable	67,500
Payments on notes payable	(85,500)
Net cash provided by financing activities	1,360,662
Net increase in cash and cash equivalents	725,795
Cash and cash equivalents at January 1, 2004	1,903
Cash and cash equivalents at December 31, 2004	$ 727,698
Supplemental data	
Interest paid	$ 1,632

The accompanying notes are an integral part of this statement.

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

1. Nature of Operations

South American Soy, LLC, a member managed Illinois limited liability company, was organized on August 15, 2003, for the purpose of investing in a Brazilian limitada, which is a Brazilian form of business organization. The limitada, will invest in, own or lease, and operate one or more farms in Brazil. The Brazilian limitada, Nova Fronteira South America Agropecuária Sociedade Limitada, (the "subsidiary") is a wholly owned subsidiary of South American Soy, LLC. All of the invoices and bills for South American Soy, LLC are maintained in the Assumption, Illinois office. All activity for the subsidiary is maintained in Brazil.

2. Principles of Consolidation

The Company consolidates the accounts of its subsidiary all material intercompany accounts and transactions have been eliminated.

3. Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

4. Property and Equipment

Equipment is stated at cost, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, using both the straight-line and accelerated methods. The estimated lives used in determining depreciation range from three to thirty-nine years.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

5. Income Taxes

South American Soy, LLC is treated as a partnership for U.S. Federal income tax purposes. Consequently, all tax effects of the South American Soy, LLC's income or loss are passed through to the members individually. The subsidiary follows Brazilian tax law and is subject to Brazilian taxation.

6. Concentrations of Credit Risk

The Company and its subsidiaries maintain cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $ 100,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

7. Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Advertising

The Company expenses advertising costs as they are incurred.

9. Investment Securities

Investments in certificates of deposit are held at cost which approximates market value.

NOTE B - INVESTMENTS

The following is a summary of investments at December 31, 2004:

	Cost	Market
Certificates of deposit	$ 201,570	$ 201,570

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2004:

Land	$ 301,887
Equipment	131,136
Building	19,943
	452,966
Less accumulated depreciation	128
	$ 452,838

NOTE D - NOTES PAYABLE

On June 2, 2004, the subsidiary entered into a contract for deed for $ 301,887. The contract for deed is for farm land in Brazil. The first payment was due June 17, 2004, for $ 94,340. The second payment of $ 103,774 is due January 17, 2005, and the third and final payment of $ 103,773 is due May 17, 2005. At December 31, 2004, the balance was $ 207,547.

NOTE E - MEMBER UNITS

South American Soy, LLC has issued a total of 300 distributional units, 94 Class B units and 206 Class A units. At December 31, 2004, 133 Class A units were purchased and 27.5 Class B units were purchased. Four Class B units were purchased, one unit each, by operational managers during fiscal year ending December 31, 2003. During the year ending December 31, 2003, ten Class B units were distributed to the operational managers as compensation. During the year ended December 31, 2004, 13.5 Class B units were distributed to the operational managers as compensation. At December 31, 2004, 80.5 Class B units remain undistributed, residing in a Management Compensation Contingency pool to be used to fulfill future contractual terms with company operational management. Class A and B are identical in all aspects except in the process of electing managers to the Board of Managers, with Class B unit holders electing four and Class A electing two.

NOTE F - CLASS B UNIT COMPENSATION

All four managing members have agreed to accept a portion of their management fees in the form of Class B units for the work that they will do on the company's behalf. Eighty Class B units have been placed in a Management Compensation Contingency fund to be distributed on an annual basis to Company managing members for their activities conducted on the Company's behalf over the preceding year as dictated by their individual management contracts. All units distributed as non-cash management fees will be credited to the manager's member equity account on the last day of the Company's fiscal year. The value of the Class B units is management's estimate of the fair market value of the Class B units on the date of issuance. Management fee expense for the distribution of 13.5 Class B units is $ 48,662 for the year ended December 31, 2004.

SUPPLEMENTARY INFORMATION

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Independent Auditors' Report on Supplementary Information

To the Members
South American Soy, LLC and Subsidiary

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole of South American Soy, LLC and subsidiary as of and for the year ended December 31, 2004, which are presented in the preceding section of this report. The consolidating balance sheet and consolidating statement of operations are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is stated fairly in all material respects in relation to the consolidated financial statements taken as a whole.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
December 8, 2005

South American Soy, LLC and Subsidiary

CONSOLIDATING BALANCE SHEET

December 31, 2004

	South American Soy, LLC	Nova Fronteira South America Agropecuária Sociedade Limitada	Adjustments and Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 721,268	$ 6,430	$ -	$ 727,698
Investments	201,570	-	-	201,570
Total current assets	922,838	6,430	-	929,268
INVESTMENTS				
Affiliates	327,500	-	(327,500)	-
PROPERTY AND EQUIPMENT				
Property and equipment	467	452,499	-	452,966
Less accumulated depreciation	128	-	-	128
	339	452,499	-	452,838
OTHER ASSETS				
Prepaid crop inventory	-	63,629	-	63,629
Supplier advances	-	35,961	-	35,961
Other	2,875	1,500	-	4,375
	2,875	101,090	-	103,965
	$ 1,253,552	$ 560,019	$ (327,500)	$ 1,486,071
LIABILITIES AND MEMBERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ 2,147	$ 82	$ -	$ 2,229
Accrued liabilities	-	6,682	-	6,682
Current maturities of long-term obligations	-	207,547	-	207,547
Total current liabilities	2,147	214,311	-	216,458
MEMBERS' EQUITY	1,251,405	345,708	(327,500)	1,269,613
	$ 1,253,552	$ 560,019	$ (327,500)	$ 1,486,071

South American Soy, LLC and Subsidiary

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 2004

	South American Soy, LLC	Nova Fronteira South America Agropecuaria Sociedade Limitada	Adjustments and Eliminations	Total
Costs and expenses				
Management fees	$ 75,612	$ -	$ -	$ 75,612
Professional services	15,589	-	-	15,589
Travel	14,222	-	-	14,222
Marketing	12,264	-	-	12,264
Office expense	2,617	-	-	2,617
Utilities/telephone	1,676	-	-	1,676
Other	7,858	3,585	-	11,443
Depreciation	124	-	-	124
Amortization	803	-	-	803
Taxes	-	3,500	-	3,500
General and administrative	1,081	7,575	-	8,656
	131,846	14,660	-	146,506
Operating loss	(131,846)	(14,660)	-	(146,506)
Other (income) deductions				
Interest expense	1,632	-	-	1,632
Investment income	(397)	-	-	(397)
Total other (income) deductions	1,235	-	-	1,235
NET LOSS	$ (133,081)	$ (14,660)	$ -	$ (147,741)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

SOUTH AMERICAN SOY, LLC AND SUBSIDIARY

December 31, 2005 and 2004

CONTENTS

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Independent Accountant's Compilation Report

Board of Members
South American Soy, LLC

We have compiled the accompanying consolidated balance sheet of South American Soy, LLC and subsidiary as of December 31, 2005, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have no audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

The financial statements for the year ended December 31, 2004, were audited by us, and we expressed an unqualified opinion on them in our report dated December 8, 2005, but we have not performed any auditing procedures since that date.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
April 21, 2006

South American Soy, LLC and Subsidiary

CONSOLIDATED BALANCE SHEETS

December 31

See Accountant's Compilation Report

ASSETS

	2005 (Compiled)	2004 (Audited)
CURRENT ASSETS		
Cash and cash equivalents	$ 160,552	$ 727,698
Accounts receivable	16,636	-
Investments	3,480	201,570
Inventory in storage	54,827	-
Growing crop	185,993	63,629
Total current assets	421,488	992,897
PROPERTY AND EQUIPMENT		
Property and equipment	786,754	452,966
Less accumulated depreciation	32,557	128
	754,197	452,838
OTHER ASSETS		
Supplier advances	-	35,961
Other	2,072	4,375
Total other assets	2,072	40,336
	$ 1,177,757	$ 1,486,071

LIABILITIES AND MEMBERS' EQUITY

	2005 (Compiled)	2004 (Audited)
CURRENT LIABILITIES		
Accounts payable	$ 1,859	$ 2,229
Accrued liabilities	14,966	6,682
Current maturities of long-term obligations	-	207,547
Total current liabilities	16,825	216,458
MEMBERS' EQUITY	1,160,932	1,269,613
Total liabilities and members' equity	$ 1,177,757	$ 1,486,071

The accompanying notes are an integral part of these statements.

South American Soy, LLC and Subsidiary

CONSOLIDATED STATEMENTS OF OPERATIONS

Year ended December 31

See Accountant's Compilation Report

	2005 (Compiled)	2004 (Audited)
Revenues		
Sales	$ 17,312	$ -
Services	12,365	-
	29,677	-
Cost of goods sold		
Seed, fertilizer and other input costs	77,107	-
Taxes	1,601	-
	78,708	-
Gross loss	(49,031)	-
Operating and administrative expenses		
Management fees	53,293	75,612
Professional services	17,389	15,589
Travel	35,488	14,222
Contract labor	6,509	-
Repairs and maintenance	4,909	-
Contracted services	11,400	-
Marketing	9,693	12,264
Freight and trucking	2,635	-
Office expense	3,119	2,617
Utilities	6,518	1,676
Other	-	10,763
Depreciation	3,311	124
Amortization	803	803
Supplies	134	-
Taxes	8,564	3,500
General and administrative	6,283	8,656
Total costs and expenses	170,048	145,826
Operating loss	(219,079)	(145,826)
Other income (expense)		
Miscellaneous income	899	-
Interest income	8,816	397
Realized loss on commodity futures contracts	(3,552)	-
Unrealized gain (loss) - commodity futures contracts	1,788	(680)
Interest expense	-	(1,632)
Total other income (expense)	7,951	(1,915)
Net loss	$ (211,128)	$ (147,741)

The accompanying notes are an integral part of these statements.

South American Soy, LLC and Subsidiary

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2005 and 2004

See Accountant's Compilation Report

	Member Units				Aggregate adjustment resulting from translation of financial statements into U.S. dollars	
	Class A		Class B			
	Units	Amount	Units	Amount	Translation	Total
Balance at December 31, 2003	-	$ -	14.00	$ 5,824	$ -	$ 5,824
Contributions	-	1,330,000	-	-	-	1,330,000
Management compensation	133.00	-	13.50	48,662	-	48,662
Net loss for the year	-	(75,516)	-	(72,225)	-	(147,741)
Equity adjustment from foreign currency translation	-	-	-	-	32,868	32,868
Balance at December 31, 2004 - audited	133.00	1,254,484	27.50	(17,739)	32,868	1,269,613
Management compensation	-	-	10.25	26,342	-	26,342
Net loss for the year	-	(169,540)	-	(41,588)	-	(211,128)
Equity adjustment from foreign currency translation	-	-	-	-	76,105	76,105
Balance at December 31, 2005 - compiled	133.00	$ 1,084,944	37.75	$ (32,985)	$ 108,973	$ 1,160,932

The accompanying notes are an integral part of these statements.

South American Soy, LLC and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31

See Accountant's Compilation Report

	2005 (Compiled)	2004 (Audited)
Cash flows from operating activities		
Net loss	$ (211,128)	$ (147,741)
Adjustments to reconcile net income to net cash flow used in operating activities		
Foreign exchange	76,105	32,868
Depreciation and amortization	33,232	927
Capital contribution - noncash	26,342	48,662
Realized loss on disposition of investments	3,552	-
Unrealized (gain) loss on investments	(1,788)	680
Changes in assets and liabilities		
Increase in inventory in storage	(54,827)	-
Increase (decrease) in accounts payable	(370)	2,094
Increase in accrued expense	8,284	6,682
Decrease in prepaid expense	-	10,561
Increase in growing crop	(122,364)	(63,629)
Increase (decrease) supplier advances	35,961	(35,961)
Decrease in other assets	1,500	5,958
Net cash used in operating activities	(205,501)	(138,899)
Cash flows from investing activities		
Purchase of property, equipment and land	(333,788)	(245,056)
Proceeds from sale or maturing of investments	200,000	-
Purchase of investments	(3,674)	(202,250)
Net cash used in investing activities	(137,462)	(447,306)
Cash flows from financing activities		
Capital contributions	-	1,330,000
Proceeds from note payable	-	67,500
Payments on notes payable	(207,547)	(85,500)
Net cash provided by (used in) financing activities	(207,547)	1,312,000
Net increase (decrease) in cash and cash equivalents	(550,510)	725,795
Cash and cash equivalents at beginning of year	727,698	1,903
Cash and cash equivalents at end of year	$ 177,188	$ 727,698
Supplemental data		
Interest paid	$ -	$ 1,632

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

1. Nature of Operations

South American Soy, LLC, a member managed Illinois limited liability company, was organized on August 15, 2003, for the purpose of investing in a Brazilian Limitada, which is a Brazilian form of business organization. The limitada, will invest in, own or lease, and operate farms in Brail. Nova Fronteira South American Agropecuaria Sociedade Limitada, (the subsidiary) is a wholly-owned subsidiary of South American Soy, LLC. All of the invoices and bills for South American Soy, LLC are maintained in the Assumption, Illinois office. All activity for the subsidiary is maintained in Brazil.

2. Principles of Consolidation

The Company consolidates the accounts of its subsidiary all material intercompany accounts and transactions have been eliminated.

3. Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

4. Inventory

Inventories of materials and supplies are carried at the lower of cost, on the first-in, first-out basis. Inventory at year end are crops harvested and on hand. The prepaid crop inventory is crops in the ground at year end and not yet harvested.

5. Accounts Receivable

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Property and Equipment

Equipment is stated at cost, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, using both the straight-line and accelerated methods. The estimated lives used in determining depreciation range from three to thirty-nine years.

7. Income Taxes

The Company is treated as a partnership for U.S. Federal income tax purposes. Consequently, all tax effects of the South American Soy, LLC's income or loss are passed through to the members individually. The subsidiary follows Brazilian tax law and is subject to the Brazilian taxation.

8. Concentrations of Credit Risk

The Company and its subsidiaries maintain cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $ 100,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

9. Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Advertising

The Company expenses advertising costs as they are incurred

11. Investment Securities

The Company's investments in securities are classified and accounted for as trading or held to maturity. Trading securities are bought and held primarily for purposes of selling them in the near term. The ADM investments are at carried at fair value. Held to maturity securities are securities that the Company has the positive intent and ability to hold to maturity. Investments in certificates of deposit are held at cost which approximates market value.

NOTE B - INVESTMENTS

A summary of investments at December 31 follows:

	Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
2005				
Trading				
ADM investments	$ 1,692	$ 1,788	$ -	$ 3,480
2004				
Trading				
ADM investments	$ 2,250	$ -	$ (680)	$ 1,570
Held to maturity				
Certificates of deposit	200,000	-	-	200,000
	$ 202,250	$ -	$ (680)	$ 201,570

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2005	2004
Land	$ 568,426	$ 301,887
Equipment	185,325	131,136
Building	33,003	19,943
	786,754	452,966
Less accumulated depreciation	32,557	128
	$ 754,197	$ 452,838

Depreciation expense for December 31, 2005 and 2004, is $ 32,429 and $ 124 respectively.

NOTE D - NOTES PAYABLE

On June 2, 2004, the subsidiary entered into a contract for deed for $ 301,887. The contract for deed is for farm land in Brazil. The first payment was due June 17, 2004, for $ 94,340. The second payment of $ 103,774 was due January 17, 2005, and the third and final payment of $ 103,773 was due May 17, 2005. At December 31, 2005 and 2004, the balance was $ 0 and $ 207,547, respectively.

NOTE E - MEMBER UNITS

South American Soy, LLC has issued a total of 300 distributional units, 94 Class B units and 206 Class A units. At December 31, 2005, 10.25 Class B units were distributed to the operational managers as compensation. At December 31, 2004, 133 Class A units were purchased and 13.5 Class B units were distributed to the operational managers as compensation. Four Class B units were purchased, one unit each, by operational managers during fiscal year ending December 31, 2003. During the year ending December 31, 2003, ten Class B units were distributed to the operational managers as compensation. At December 31, 2005, 56.25 Class B units remain undistributed, residing in a Management Compensation Contingency pool to be used to fulfill future contractual terms with company operational management. Class A and B are identical in all aspects except in the process of electing managers to the Board of Managers, with Class B unit holders electing four and Class A electing two.

NOTE F - CLASS B UNIT COMPENSATION

All four managing members have agreed to accept a portion of their management fees in the form of Class B units for the work that they will do on the company's behalf. Eighty Class B units have been placed in a Management Compensation Contingency fund to be distributed on an annual basis to Company managing members for their activities conducted on the Company's behalf over the preceding year as dictated by their individual management contracts. All units distributed as non-cash management fees will be credited to the manager's member equity account on the last day of the Company's fiscal year. The value of the Class B units is management's estimate of the fair market value of the Class B units on the date of issuance. Management fee expense for the distribution of 10.25 Class B units is $ 26,342 for the year ended December 31, 2005. Management fee expense for the distribution of 13.5 Class B units is $ 48,662 for the year ended December 31, 2004.

NOTE G - RECLASSIFICATION

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

SUPPLEMENTARY INFORMATION

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Independent Accountant's Compilation Report on Supplementary Information

Board of Members
South American Soy, LLC

We have compiled the accompanying consolidated balance sheet of South American Soy, LLC and subsidiary as of December 31, 2005, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, and the accompanying supplemental information contained on pages, 14 through 17, which are presented only for supplemental analysis purposes, in accordance with Statements on Standards for Accounting and Review Services by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplement schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
April 21, 2006

South American Soy, LLC and Subsidiary

CONSOLIDATING BALANCE SHEET

December 31, 2005

	South American Soy, LLC	Nova Fronteira Sociedada Limitada	Adjustments and Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 148,807	$ 11,745	$ -	$ 160,552
Accounts receivable	-	16,636	-	16,636
Investments	3,480	-	-	3,480
Inventory in storage	-	54,827	-	54,827
Growing crop	-	185,993	-	185,993
Total current assets	152,287	269,201	-	421,488
INVESTMENTS				
Affiliates	1,020,500	-	(1,020,500)	-
PROPERTY AND EQUIPMENT				
Property and equipment	467	786,287	-	786,754
Less accumulated depreciation	229	32,328	-	32,557
	238	753,959	-	754,197
OTHER ASSETS				
Other	2,072	-	-	2,072
Total other assets	2,072	-	-	2,072
	$ 1,175,097	$ 1,023,160	$ (1,020,500)	$ 1,177,757
LIABILITIES AND MEMBERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ 1,859	$ -	$ -	$ 1,859
Accrued liabilities	-	14,966	-	14,966
Due to related party	-	945,500	(945,500)	-
Total current liabilities	1,859	960,466	(945,500)	16,825
MEMBERS' EQUITY	1,173,238	62,694	(75,000)	1,160,932
Total liabilities and members' equity	$ 1,175,097	$ 1,023,160	$ (1,020,500)	$ 1,177,757

South American Soy, LLC and Subsidiary

CONSOLIDATING BALANCE SHEET - CONTINUED

December 31, 2004

	South American Soy, LLC	Nova Fronteira Sociedada Limitada	Adjustments and Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 721,268	$ 6,430	$ -	$ 727,698
Investments	201,570	-	-	201,570
Growing crop	-	63,629	-	63,629
Total current assets	922,838	70,059	-	992,897
INVESTMENTS				
Affiliates	327,500	-	(327,500)	-
PROPERTY AND EQUIPMENT				
Property and equipment	467	452,499	-	452,966
Less accumulated depreciation	128	-	-	128
	339	452,499	-	452,838
OTHER ASSETS				
Supplier advances	-	35,961	-	35,961
Other	2,875	1,500	-	4,375
Total other assets	2,875	37,461	-	40,336
	$ 1,253,552	$ 560,019	$ (327,500)	$ 1,486,071
LIABILITIES AND MEMBERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ 2,147	$ 82	$ -	$ 2,229
Accrued liabilities	-	6,682	-	6,682
Due to related party	-	252,500	(252,500)	-
Current maturities of long-term obligations	-	207,547	-	207,547
Total current liabilities	2,147	466,811	(252,500)	216,458
MEMBERS' EQUITY	1,251,405	93,208	(75,000)	1,269,613
Total liabilities and members' equity	$ 1,253,552	$ 560,019	$ (327,500)	$ 1,486,071

South American Soy, LLC and Subsidiary

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 2005

	South American Soy, LLC	Nova Fronteira Sociedada Limitada	Adjustments and Eliminations	Total
Revenues				
Sales	$ -	$ 17,312	$ -	$ 17,312
Services	12,365	-	-	12,365
	12,365	17,312	-	29,677
Cost of goods sold				
Seed, fertilizer and other input costs	-	77,107	-	77,107
Taxes	-	1,601	-	1,601
	-	78,708	-	78,708
Gross profit (loss)	12,365	(61,396)	-	(49,031)
Operating and administrative expenses				
Management fees	53,293	-	-	53,293
Professional services	13,320	4,069	-	17,389
Travel	30,598	4,890	-	35,488
Contract labor	-	6,509	-	6,509
Repairs and maintenance	-	4,909	-	4,909
Contracted services	11,400	-	-	11,400
Marketing	9,693	-	-	9,693
Freight and trucking	-	2,635	-	2,635
Office expense	2,244	875	-	3,119
Utilities	2,284	4,234	-	6,518
Depreciation	101	3,210	-	3,311
Amortization	803	-	-	803
Supplies	-	134	-	134
Taxes	-	8,564	-	8,564
General and administrative	1,089	5,194	-	6,283
	124,825	45,223	-	170,048
Operating loss	(112,460)	(106,619)	-	(219,079)
Other income (expense)				
Miscellaneous income	899	-	-	899
Interest income	8,816	-	-	8,816
Realized loss on securities	(3,552)	-	-	(3,552)
Unrealized gain-trading securities	1,788	-	-	1,788
Total other income	7,951	-	-	7,951
NET LOSS	$ (104,509)	$ (106,619)	$ -	$ (211,128)

South American Soy, LLC and Subsidiary

CONSOLIDATING STATEMENT OF OPERATIONS - CONTINUED

Year ended December 31, 2004

	South American Soy, LLC	Nova Fronteira Sociedada Limitada	Adjustments and Eliminations	Total
Operating and administrative expenses				
Management fees	$ 75,612	$ -	$ -	$ 75,612
Professional services	15,589	-	-	15,589
Travel	14,222	-	-	14,222
Marketing	12,264	-	-	12,264
Office expense	2,617	-	-	2,617
Utilities	1,676	-	-	1,676
Other	7,178	3,585	-	10,763
Depreciation	124	-	-	124
Amortization	803	-	-	803
Taxes	-	3,500	-	3,500
General and administrative	1,081	7,575	-	8,656
	131,166	14,660	-	145,826
Operating loss	(131,166)	(14,660)	-	(145,826)
Other income (deductions)				
Interest expense	(1,632)	-	-	(1,632)
Interest income	397	-	-	397
Unrealized loss-trading securities	(680)	-	-	(680)
Total other deductions	(1,915)	-	-	(1,915)
NET LOSS	$ (133,081)	$ (14,660)	$ -	$ (147,741)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

SOUTH AMERICAN SOY, LLC AND SUBSIDIARY

December 31, 2006 and 2005

CONTENTS

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Independent Accountants' Compilation Report

Board of Members
South American Soy, LLC and Subsidiary

We have compiled the accompanying consolidated balance sheet of South American Soy, LLC and subsidiary as of December 31, 2006 and 2005, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
March 7, 2007

South American Soy, LLC and Subsidiary

CONSOLIDATED BALANCE SHEETS

December 31

See Accountants' Compilation Report

	2006	2005
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 74,004	$ 160,552
Accounts receivable	79	16,636
Investments	114	3,480
Inventory in storage	269,661	54,827
Growing crop	33,184	185,993
Other current assets	6,460	-
Total current assets	383,502	421,488
PROPERTY AND EQUIPMENT		
Property and equipment	786,965	786,754
Less accumulated depreciation	86,557	32,557
	700,408	754,197
OTHER ASSETS		
Other	1,269	2,072
Total other assets	1,269	2,072
	$ 1,085,179	$ 1,177,757
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 14,580	$ 1,859
Accrued liabilities	25,341	14,966
Total current liabilities	39,921	16,825
MEMBERS' EQUITY	1,045,258	1,160,932
Total liabilities and members' equity	$ 1,085,179	$ 1,177,757

The accompanying notes are an integral part of these statements.

South American Soy, LLC and Subsidiary

CONSOLIDATED STATEMENTS OF OPERATIONS

Year ended December 31

See Accountants' Compilation Report

	2006	2005
Revenues		
Sales	$ 22,261	$ 17,312
Services	80,342	12,365
	102,603	29,677
Cost of goods sold		
Seed, fertilizer and other input costs	23,146	77,107
Taxes	1,084	1,601
	24,230	78,708
Gross profit (loss)	78,373	(49,031)
Operating and administrative expenses		
Service costs	41,262	-
Management fees	52,228	53,293
Professional services	17,413	17,389
Travel	16,965	35,488
Contract labor	14,105	6,509
Repairs and maintenance	4,515	4,909
Contracted services	6,757	11,400
Marketing	1,602	9,693
Freight and trucking	653	2,635
Office expense	2,783	3,119
Utilities	3,256	6,518
Fuel	6,107	-
Depreciation	27,818	3,311
Amortization	803	803
Supplies	291	134
Taxes	478	8,564
General and administrative	12,001	6,283
Total costs and expenses	209,037	170,048
Operating loss	(130,664)	(219,079)
Other income (expense)		
Miscellaneous income	117	899
Interest income	3,286	8,816
Realized loss on commodity futures contracts	(841)	(3,552)
Unrealized gain (loss) - commodity futures contracts	(2,525)	1,788
Total other income (expense)	37	7,951
Net loss	$ (130,627)	$ (211,128)

The accompanying notes are an integral part of these statements.

South American Soy, LLC and Subsidiary

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2006 and 2005

See Accountants' Compilation Report

	Member Units				Aggregate adjustment resulting from translation of financial statements into U.S. dollars	
	Class A		Class B			
	Units	Amount	Units	Amount	Translation	Total
Balance at December 31, 2004 - audited	133.00	$ 1,248,152	27.50	$ (11,407)	$ 32,868	$ 1,269,613
Management compensation	-	-	10.25	26,342	-	26,342
Net loss for the year	-	(174,953)	-	(36,175)	-	(211,128)
Equity adjustment from foreign currency translation	-	-	-	-	76,105	76,105
Balance at December 31, 2005 - compiled	133.00	1,073,199	37.75	(21,240)	108,973	1,160,932
Management compensation	-	-	10.25	25,278	-	25,278
Net loss for the year	-	(101,748)	-	(28,879)	-	(130,627)
Equity adjustment from foreign currency translation	-	-	-	-	(10,325)	(10,325)
Balance at December 31, 2006 - compiled	133.00	$ 971,451	48.00	$ (24,841)	$ 98,648	$ 1,045,258

The accompanying notes are an integral part of these statements.

South American Soy, LLC and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31

See Accountants' Compilation Report

	2006	2005
Cash flows from operating activities		
Net loss	$ (130,627)	$ (211,128)
Adjustments to reconcile net income to net cash flow used in operating activities		
Foreign exchange	(10,325)	76,105
Depreciation and amortization	54,803	33,232
Capital contribution - noncash	25,278	26,342
Realized loss on disposition of investments	841	3,552
Unrealized (gain) loss on investments	2,525	(1,788)
Changes in assets and liabilities		
Increase in inventory in storage	(214,834)	(54,827)
Increase (decrease) in accounts payable	12,721	(370)
Increase in accrued expense	10,375	8,284
Decrease in growing crop	152,809	(122,364)
Increase (decrease) supplier advances	-	35,961
Increase in other assets	(6,460)	1,500
Net cash used in operating activities	(102,894)	(205,501)
Cash flows from investing activities		
Purchase of property, equipment and land	(211)	(333,788)
Proceeds from sale or maturing of investments	-	200,000
Purchase of investments	-	(3,674)
Net cash used in investing activities	(211)	(137,462)
Cash flows from financing activities		
Payments on notes payable	-	(207,547)
Net cash provided by (used in) financing activities	-	(207,547)
Net increase (decrease) in cash and cash equivalents	(103,105)	(550,510)
Cash and cash equivalents at beginning of year	177,188	727,698
Cash and cash equivalents at end of year	$ 74,083	$ 177,188

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

1. Nature of Operations

South American Soy, LLC, a member managed Illinois limited liability company, was organized on August 15, 2003, for the purpose of investing in the Brazilian agricultural sector through a Brazilian Limitada, which is a Brazilian form of business organization. The Limitada, will invest in, own or lease, and operate farms in Brazil. In addition, South American Soy, LLC provides agriculture information to farmers in the United States through newsletters and has a contract with the Illinois Farm Bureau to provide such services. Nova Fronteira South American Agropecuaria Sociedade Limitada, (the subsidiary) is a wholly-owned subsidiary of South American Soy, LLC. All of the invoices and bills for South American Soy, LLC are maintained in the Assumption, Illinois office. All activity for the subsidiary is maintained in Brazil.

2. Principles of Consolidation

The Company consolidates the accounts of its subsidiary and all material intercompany accounts and transactions have been eliminated.

3. Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

4. Inventory

Inventories of materials and supplies are carried at cost, on the first-in, first-out basis. Inventory in storage at year end are crops harvested and on hand. Growing crop includes crop in the ground at year end and not yet harvested.

5. Accounts Receivable

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been made. If amounts become uncollectible, they will be charged to operations when that determination is made.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Property and Equipment

Equipment is stated at cost, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, using both the straight-line and accelerated methods. The estimated lives used in determining depreciation range from three to thirty-nine years.

7. Income Taxes

The Company is treated as a partnership for U.S. Federal income tax purposes. Consequently, all tax effects of the South American Soy, LLC's income or loss are passed through to each member individually. The subsidiary follows Brazilian tax law and is subject to Brazilian taxation.

8. Concentrations of Credit Risk

The Company and its subsidiaries maintain cash balances at several financial institutions. Accounts held at financial institutions in the United States of America are insured by the Federal Deposit Insurance Corporation up to $ 100,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

9. Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Advertising

The Company expenses advertising costs as they are incurred.

11. Investment Securities

The Company's investments in securities are classified and accounted for as trading or held to maturity. Trading securities are bought and held primarily for purposes of selling them in the near term. The investments at ADM Investor Services, Inc. are at carried at fair value. Held to maturity securities are securities that the Company has the positive intent and ability to hold to maturity. Investments in certificates of deposit are held at cost which approximates market value.

NOTE B - INVESTMENTS

A summary of investments at December 31 follows:

	Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
2006				
Trading				
ADM Investor Services, Inc.	$ 3,480	$ -	$ 3,366	$ 114
2005				
Trading				
ADM Investor Services, Inc.	$ 1,692	$ 1,788	$ -	$ 3,480

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2006	2005
Land	$ 568,780	$ 568,426
Equipment	185,162	185,325
Building	33,023	33,003
	786,965	786,754
Less accumulated depreciation	86,557	32,557
	$ 700,408	$ 754,197

Depreciation expense for December 31, 2006 and 2005, is $ 54,000 and $ 32,429 respectively.

NOTE D - MEMBER UNITS

South American Soy, LLC is authorized to issue a total of 300 distributional units, 94 Class B units and 206 Class A units. For the year ended December 31, 2003, 4 Class B units were purchased, one unit each, by operational managers and 10 Class B units were distributed to the operational managers as compensation. For the year ended December 31, 2004, 133 Class A units were purchased and 13.5 Class B units were distributed to the operational managers as compensation. For the years ended December 31, 2006 and 2005, additional Class B units were distributed to the operational managers as compensation. The total Class B units distributed to the operational managers as compensation totaled 10.25 units and 10.25 units for the years ended December 31, 2006 and 2005, respectively. At December 31, 2006, 73 Class A units remain undistributed. In addition at December 31, 2006, 46 Class B units remain undistributed, residing in a Management Compensation Contingency pool to be used to fulfill future contractual terms with company operational management. Class A and B are identical in all aspects except in the process of electing managers to the Board of Managers, with Class B unit holders electing four and Class A electing two.

NOTE E - CLASS B UNIT COMPENSATION

All four managing members have agreed to accept a portion of their management fees in the form of Class B units for the work that they do on the Company's behalf. Eighty Class B units have been placed in a Management Compensation Contingency fund to be distributed on an annual basis to Company managing members for their activities conducted on the Company's behalf over the preceding year as dictated by their individual management contracts. All units distributed as non-cash management fees will be credited to the manager's member equity account on the last day of the Company's fiscal year. The value of the Class B units is management's estimate of the fair market value of the Class B units on the date of issuance. The fair market value is based on the equity of the entity and adjusted for items subject to increases and decreases in fair market value including marketability and minority discounts. Management fee expense for the distribution of 10.25 Class B units is $ 25,278 for the year ended December 31, 2006. Management fee expense for the distribution of 10.25 Class B units is $ 26,342 for the year ended December 31, 2005.

NOTE F - RECLASSIFICATION

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. During the year ended December 31, 2006 and 2005, amounts have been reclassified on the Consolidated Statements of Changes in Members' Equity to more accurately allocate income and loss to the different classes of member units based on the number and amount of time the units were held.

SUPPLEMENTARY INFORMATION

Kerber, Eck & Braeckel LLP

CPAs and
Management Consultants

1000 Myers Building
1 West Old State Capitol Plaza
Springfield, IL 62701-1268
ph 217.789.0960
fax 217.789.2822
www.kebcpa.com

Independent Accountants' Compilation Report on Supplementary Information

Board of Members
South American Soy, LLC and Subsidiary

We have compiled the accompanying consolidated balance sheet of South American Soy, LLC and subsidiary as of December 31, 2006 and 2005, and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, and the accompanying supplemental information contained on pages, 14 through 17, which are presented only for supplemental analysis purposes, in accordance with Statements on Standards for Accounting and Review Services by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplement schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
March 7, 2007

South American Soy, LLC and Subsidiary

CONSOLIDATING BALANCE SHEETS

December 31, 2006

	South American Soy, LLC	Nova Fronteira Sociedada Limitada	Adjustments and Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 60,217	$ 13,787	$ -	$ 74,004
Accounts receivable	79	-	-	79
Investments	114	-	-	114
Inventory in storage	-	269,661	-	269,661
Growing crop	-	33,184		33,184
Other current assets	-	6,460	-	6,460
Total current assets	60,410	323,092	-	383,502
INVESTMENTS				
Affiliates	1,006,414	-	(1,006,414)	-
PROPERTY AND EQUIPMENT				
Property and equipment	-	786,965	-	786,965
Less accumulated depreciation	-	86,557	-	86,557
	-	700,408	-	700,408
OTHER ASSETS				
Other	1,269	-	-	1,269
Total other assets	1,269	-	-	1,269
	$ 1,068,093	$ 1,023,500	$ (1,006,414)	$ 1,085,179
LIABILITIES AND MEMBERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ 14,580	$ -	$ -	$ 14,580
Accrued liabilities	8,255	17,086	-	25,341
Due to related party	-	1,024,300	(1,024,300)	-
Total current liabilities	22,835	1,041,386	(1,024,300)	39,921
MEMBERS' EQUITY	1,045,258	(17,886)	17,886	1,045,258
Total liabilities and members' equity	$ 1,068,093	$ 1,023,500	$ (1,006,414)	$ 1,085,179

South American Soy, LLC and Subsidiary

CONSOLIDATING BALANCE SHEETS - CONTINUED

December 31, 2005

	South American Soy, LLC	Nova Fronteira Sociedada Limitada	Adjustments and Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 148,807	$ 11,745	$ -	$ 160,552
Accounts receivable	-	16,636	-	16,636
Investments	3,480	-	-	3,480
Inventory in storage	-	54,827	-	54,827
Growing crop	-	185,993	-	185,993
Other current assets	-	-	-	-
Total current assets	152,287	269,201	-	421,488
INVESTMENTS				
Affiliates	1,008,194	-	(1,008,194)	-
PROPERTY AND EQUIPMENT				
Property and equipment	467	786,287	-	786,754
Less accumulated depreciation	229	32,328	-	32,557
	238	753,959	-	754,197
OTHER ASSETS				
Other	2,072	-	-	2,072
Total other assets	2,072	-	-	2,072
	$ 1,162,791	$ 1,023,160	$ (1,008,194)	$ 1,177,757
LIABILITIES AND MEMBERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ 1,859	$ -	$ -	$ 1,859
Accrued liabilities	-	14,966	-	14,966
Other current liabilities	-	-	-	-
Due to related party	-	945,500	(945,500)	-
Total current liabilities	1,859	960,466	(945,500)	16,825
MEMBERS' EQUITY	1,160,932	62,694	(62,694)	1,160,932
Total liabilities and members' equity	$ 1,162,791	$ 1,023,160	$ (1,008,194)	$ 1,177,757

South American Soy, LLC and Subsidiary

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 2006

	South American Soy, LLC	Nova Fronteira Sociedada Limitada	Adjustments and Eliminations	Total
Revenues				
Sales	$ -	$ 22,261	$ -	$ 22,261
Services	80,342	-	-	80,342
	80,342	22,261	-	102,603
Cost of goods sold				
Seed, fertilizer and other input costs	-	23,146	-	23,146
Taxes	-	1,084	-	1,084
	-	24,230	-	24,230
Gross profit (loss)	80,342	(1,969)	-	78,373
Operating and administrative expenses				
Service costs	41,262	-	-	41,262
Management fees	52,228	-	-	52,228
Professional services	15,293	2,120	-	17,413
Travel	11,309	5,656	-	16,965
Contract labor	-	14,105	-	14,105
Repairs and maintenance	-	4,515	-	4,515
Contracted services	-	6,757	-	6,757
Marketing	1,602	-	-	1,602
Freight and trucking	-	653	-	653
Office expense	1,969	814	-	2,783
Utilities	441	2,815	-	3,256
Fuel	-	6,107	-	6,107
Depreciation	238	27,580	-	27,818
Amortization	803	-	-	803
Supplies	79	212	-	291
Taxes and licenses	-	478	-	478
General and administrative	527	11,474	-	12,001
	125,751	83,286	-	209,037
Operating loss	(45,409)	(85,255)	-	(130,664)
Other income (expense)				
Equity in subsidiary earnings	(85,255)		85,255	-
Miscellaneous income	117	-	-	117
Interest income	3,286	-	-	3,286
Realized loss on securities	(841)	-	-	(841)
Unrealized gain-trading securities	(2,525)	-	-	(2,525)
Total other income	(85,218)	-	85,255	37
NET LOSS	$ (130,627)	$ (85,255)	$ 85,255	$ (130,627)

South American Soy, LLC and Subsidiary

CONSOLIDATING STATEMENT OF OPERATIONS - CONTINUED

Year ended December 31, 2005

	South American Soy, LLC	Nova Fronteira Sociedada Limitada	Adjustments and Eliminations	Total
Revenues				
Sales	$ -	$ 17,312	$ -	$ 17,312
Services	12,365	-	-	12,365
	12,365	17,312	-	29,677
Cost of goods sold				
Seed, fertilizer and other input costs	-	77,107	-	77,107
Taxes	-	1,601	-	1,601
	-	78,708	-	78,708
Gross profit (loss)	12,365	(61,396)	-	(49,031)
Operating and administrative expenses				
Service costs	-	-	-	-
Management fees	53,293	-	-	53,293
Professional services	13,320	4,069	-	17,389
Travel	30,598	4,890	-	35,488
Contract labor	-	6,509	-	6,509
Repairs and maintenance	-	4,909	-	4,909
Contracted services	11,400	-	-	11,400
Marketing	9,693	-	-	9,693
Freight and trucking	-	2,635	-	2,635
Office expense	2,244	875	-	3,119
Utilities	2,284	4,234	-	6,518
Fuel	-	-	-	-
Depreciation	101	3,210	-	3,311
Amortization	803	-	-	803
Supplies	-	134	-	134
Taxes and licenses	-	8,564	-	8,564
General and administrative	1,089	5,194	-	6,283
	124,825	45,223	-	170,048
Operating loss	(112,460)	(106,619)	-	(219,079)
Other income (expense)				
Equity in subsidiary earnings	(106,619)	-	106,619	-
Miscellaneous income	899	-	-	899
Interest income	8,816	-	-	8,816
Realized loss on securities	(3,552)	-	-	(3,552)
Unrealized gain-trading securities	1,788	-	-	1,788
Total other income	(98,668)	-	106,619	7,951
NET LOSS	$ (211,128)	$ (106,619)	$ 106,619	$ (211,128)

SOUTH AMERICAN SOY, LLC

SUBSCRIPTION BOOKLET

(OFFERING OF 300 CLASS A UNITS,
BEING OFFERED AT $12,000.00 PER UNIT)

(March 15th, 2007)

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR UNDER ANY STATE SECURITIES LAWS AND ARE OFFERED PURSUANT TO CERTAIN EXEMPTIONS THEREUNDER. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY AND NO REGULATORY BODY HAS PASSED UPON OR ENDORSED THE ACCURACY, ADEQUACY, OR COMPLETENESS OF THE OFFERING MEMORANDUM OR THESE SECURITIES. THESE SECURITIES MAY NOT BE TRANSFERRED EXCEPT IN TRANSACTIONS WHICH ARE EXEMPT UNDER APPLICABLE SECURITIES LAWS OR PURSUANT TO EFFECTIVE REGISTRATIONS THEREUNDER. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

SOUTH AMERICAN SOY, LLC

* * *

SUBSCRIPTION BOOKLET INSTRUCTIONS FOR OFFERING OF
300 CLASS A UNITS,
BEING OFFERED AT $12,000.00 PER UNIT

Attached is the Subscription Agreement relating to the purchase of Class A Units of South American Soy, LLC, an Illinois limited liability company (the "Company"), pursuant to the Confidential Placement Memorandum, of even date herewith (the "Memorandum"), a copy of which accompanies these documents.

PLEASE COMPLETE AND EXECUTE THE AGREEMENT IN ACCORDANCE WITH THE INSTRUCTIONS BELOW.

INSTRUCTIONS

(1) Complete and sign the Subscription Agreement by filling in the number of Units you desire to purchase (1 Unit minimum).

(2) Submit your check for the entire purchase price payable to "South American Soy, LLC".

(3) If you have any questions, please feel free to call Philip K. Corzine, toll-free at (866) 711-2769.

SEND THE COMPLETED DOCUMENTS AND CHECK OR MONEY ORDER TO:

Philip K. Corzine, General Manager
South American Soy, LLC
1414 N. 2400 E. Road
Assumption, Illinois 62510

Subscription Agreement

TO: South American Soy, LLC (herein the “Company”)

FROM: ____ (herein the “Buyer”)
(Name of Buyer)

Date of the Offering Memorandum: April 15th, 2007

Dear Sirs:

Buyer hereby subscribes to purchase from Company ________ [fill in not less than ONE Unit] (the “Units”) at a price of $12,000.00 each (subject to applicable discounts, as discussed in the Memorandum) of Class A Units of the Company, pursuant to the terms of the Offering Memorandum of the date stated above and all supplements thereto (the “Memorandum”), distributed in connection with the offering of the Units.

In consideration of the acceptance by Company of this Subscription Agreement, Buyer hereby agrees, represents, and warrants to Company as follows:

1. Payment of Purchase Price. Buyer hereby tenders the entire purchase price for the Units purchased by Buyer by check or money order payable to South American Soy, LLC, which shall be negotiated by Company upon acceptance of this Subscription Agreement. Buyer understands that Buyer’s purchase of the Units is contingent upon the acceptance in writing of Buyer’s offer by Company. Buyer further understands that closing is contingent on those matters identified in the Memorandum.

2. Delivery by Company. Company will deliver to Buyer a certificate or certificates representing the Units upon negotiation of Buyer’s payment.

3. Agreement Not to Sell Units. Buyer agrees not to sell, hypothecate, or otherwise dispose of the Units unless the Units have been registered under the Securities Act of 1933, as amended (the “Act”), and any applicable state securities laws, or, in the opinion of counsel for the Company, exemptions from the registration requirements of the Act and any applicable state securities laws are available. Further, Buyer acknowledges that the Units may not be transferred without the consent of the Company’s board of managers as more fully described in the Memorandum.

4. Agreement to Indemnify Company. Buyer agrees to indemnify and hold harmless the Company and all of its managers from any and all damages, losses, costs, and expenses

(including reasonable attorneys' fees) that they may incur (i) by reason of Buyer's failure to fulfill any of the terms and conditions of this Agreement, and (ii) by reason of breach of any of Buyer's representations, warranties, or agreements contained herein. Buyer further agrees and acknowledges that these indemnifications shall survive any sale or transfer, or attempted sale or transfer, of any portion of the Units or Buyer's death.

5. Acknowledgements. Buyer agrees, acknowledges, and understands that:

(i) This offer may be accepted or rejected in whole or in part in the sole and absolute discretion of the Company.

(ii) Buyer may revoke this offer by written notice given to Company prior to acceptance by Company.

(iii) No federal or state agency has made any finding or determination as to the fairness of the offering of the Units for investment or any recommendation or endorsement of the Units.

(iv) The Units have not been registered under the Act and, therefore, Buyer bears the economic risk of the investment indefinitely because the Units may not be sold unless subsequently registered under the Act or an exemption from such registration is available; the Company has not represented or covenanted to take any action necessary to make available any registration or any exemption for sale of the Units without registration.

(v) The Units have not been registered under the securities laws of any state and the offering of Units has not been reviewed for accuracy or completeness by any state securities commissioner or agency. Buyer agrees that a legend to the foregoing effect may be placed upon any and all certificates and other documents issued to me representing such Units.

(vi) The Memorandum has been submitted by the Company to Buyer on a confidential basis for use in evaluating a purchase of Units. The use of the Memorandum for any other purpose is not authorized. The Memorandum may not be reproduced in whole or in part. Buyer agrees to return the Memorandum and any other materials received by Buyer with respect to the offering of the Units to the Company at the time of Buyer's offer. Buyer acknowledges that the Company will maintain a copy of the Memorandum and any such other materials in the office of the Company, and that such copy shall be available for review by Buyer during the Company's normal business hours.

(vii) That the Company may place a stop-transfer order or otherwise make appropriate notations in the records of the Company to enforce the restrictions described above.

6. Representations, Warranties, and Covenants. Buyer represents, warrants, and covenants to the Company that: (Prospective investors must initial one of the paragraphs listed below)

(i) *Individuals, revocable trusts or IRA's, initial one or more of the following statements which apply:*

1) ______ Buyer certifies that Buyer is an accredited investor because Buyer had individual income (exclusive of any income attributable to Buyer's spouse) in excess of $200,000 in 2005 and 2006 or joint income with Buyer's spouse in excess of $300,000 in each of those years and have a reasonable expectation of reaching the same income level in 2007.

2) ______ Buyer certifies that Buyer is an accredited investor because Buyer has an individual net worth, or joint net worth with Buyer's spouse, that exceeds $1,000,000.

3) ______ Buyer's IRA is an accredited investor because as the beneficiary Buyer is an accredited investor under either paragraph (1) above ($200,000 individual income or $300,000 joint income) or paragraph (2) above ($1,000,000 net worth) or both. The test(s) under which Buyer qualifies:

____ net worth ____ individual income ____ joint income.

4) _______ Buyer certifies that Buyer's trust is an accredited investor because it is a revocable trust which may be amended or revoked at any time by the grantor thereof and all of the grantors are accredited investors under either paragraph (1) or paragraph (2), above. Please list the names of all grantors and the manner in which they qualify:

____

____ net worth ____ individual income ____ joint income.

____

____ net worth ____ individual income ____ joint income.

____

____ net worth ____ individual income ____ joint income.

Organizations or other entities must initial one or more of the following statements which apply.

Buyer certifies that Buyer is an accredited investor as:

1) _______ A trust with total assets in excess of $5,000,000, not formed for the specific purpose of investing in the Company (and the grantor did not and will not contribute additional capital for purposes of purchasing the Units), and the decision to invest in the Company was made by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment. Please state the name of such person: ______________________________________

2) _______ An insurance company as defined in Section 2(13) of the Act.

3) _______ An employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA"), (i) where the investment decision with respect to this investment is being made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or (ii) which has total assets in excess of $5,000,000, or (iii) for which, if a self-directed plan, investment decisions are made solely by persons who are accredited investors.

4) _______ A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

5) _______ A tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code.

6) _______ A corporation, limited liability company, partnership, or a Massachusetts or similar business trust, not formed for the specific purpose of acquiring the Units, with total assets in excess of $5,000,000.

7) _______ A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

8) _______ A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, with total assets in excess of $5,000,000.

9) _______ An organization in which all of its equity owners are accredited investors because such equity owners have $200,000 individual income (or $300,000 joint income) or $1,000,000 net worth. Please list the names of all equity owners and the manner in which they qualify. IMPORTANT: **A completed, dated and signed copy of this Subscription Agreement must be provided by each equity owner as if such equity owner was an individual investor.**

____

____ net worth ____ individual income ____ joint income.

____

____ net worth ____ individual income ____ joint income.

____

____ net worth ____ individual income ____ joint income.

(ii) Buyer is acquiring the Units for Buyer's own account, solely for investment, and not with a view to resale or distribution.

(iii) Buyer is acquiring the Units without having been furnished any offering literature or prospectus other than the Memorandum and any amendments thereto and other documents specifically authorized by the Company.

(iv) Buyer has carefully read the Memorandum (including without limitation the section entitled "RISK FACTORS") and the Company has made available to Buyer and/or Buyer's advisors all documents that Buyer has requested relating to an investment in the Company and has provided answers to all of Buyer's questions concerning the offering. In evaluating the suitability of an investment in the Company, Buyer has not relied upon any representations or other information (whether oral or written) other than as set forth in the Memorandum or as contained in any documents or answers to questions so furnished to Buyer by the Company. In addition, Buyer has had an opportunity to discuss this investment with the officers and directors of the Company and to ask questions of them.

(v) Buyer has an adequate net worth, and has adequate means of providing for Buyer's current needs and personal contingencies and has no need for liquidity in this investment for an indefinite amount of time.

(vi) Buyer is able to bear the economic risk of this investment.

(vii) Buyer has sufficient net worth to sustain a loss of Buyer's entire investment in the Company without economic hardship if such loss should occur.

(viii) By virtue of Buyer's own experience and knowledge, Buyer is capable of evaluating the risks and merits of investing in the Company.

(ix) All information which Buyer has provided to the Company, including all information contained in this Subscription Agreement, is true and correct as of the date set forth at the end hereof and may be relied upon by the Company, and if there should be any change in such information prior to Buyer's subscription being accepted, Buyer will immediately provide the Company with accurate and complete information concerning any such change.

7. Offering Agreement Binding on Heirs, Etc.; Governing Law. This Offering Agreement shall be binding upon Buyer's heirs, personal representatives, and assigns, and shall be construed in accordance with the laws of the State of Illinois.

8. Definitions of Terms. The terms used herein, if not herein defined, shall have the meanings attributed to such terms in the Memorandum. All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons herein may require.

9. Personal Information.

Names(s) in which the Units are to be held: ____
____

Business Address: ____

Residence address (or jurisdiction in which organized or incorporated): ____________________
____

Telephone Number: (____) ___________ Date of Birth/Formation: ____________________

IN WITNESS WHEREOF, Buyer has executed this Subscription Agreement this ___ day of ______________, 2007, at _____________, Illinois.

____
Signature of Buyer

____
Type or Print Name of Buyer

Address: _________________________________

____

Soc. Sec. # _________________________________

THE FOLLOWING ACCEPTANCE IS TO BE COMPLETED BY THE SELLER

The above and foregoing Subscription Agreement is accepted this ____ day of __________________, 2007.

SOUTH AMERICAN SOY, LLC

By: ______________________________
Its: President